GOVERNING COUNCIL

ELEVENTH SESSION REPORT

ROME 25 - 29 JANUARY 1988

IFAD TEN YEARS AFTER

INTERNATIONAL
FUND FOR
AGRICULTURAL
DEVELOPMENT

IFAD

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GOVERNING COUNCIL

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CHAPTER 1

INAUGURATION AND PROCEEDINGS

1. The Eleventh Session of the Governing Council of IFAD was held in Rome from 25 to 29 January 1988. The List of Participants is attached as Annex I.

2. The Council held a total of nine meetings, the Summary Records of which are contained in Chapter 3, Part A.

A. Opening Meeting of the Governing Council

3. The opening meeting of the session was chaired by His Excellency Taher Kanaan, Minister for Planning of the Hashemite Kingdom of Jordan and Chairman of the Governing Council.

B. Agenda and Documentation

4. The Governing Council adopted the agenda shown in Annex II. The documents placed before the Council are listed in Annex III.

C. Election of the Bureau of the Council

5. In accordance with Rule 12 of the Rules of Procedure of the Governing Council, an election was held by the Council for a Bureau from among its Governors, for terms of office of two years, as follows:

Chairman	H.E. Gerrit J. M. Braks, Minister for Agriculture and Fisheries, The Netherlands
Vice-Chairmen	H.E. Bashir El Mabrouk Said, Minister Plenipotentiary, Permanent Representation of the Socialist People's Libyan Arab Jamahiriya to the UN Agencies in Rome
	H.E. FitzPatrick Chuula, S.C., M.P., Minister for Agriculture and Water Development, Zambia

D. Opening of the Session

6. The session was opened by H.E. Gerrit J.M. Braks, Minister for Agriculture and Fisheries of the Kingdom of The Netherlands and Chairman of the Governing Council. The Honourable Giovanni Goria, President of the Council of Ministers of the Italian Republic, attended the opening of the session and addressed the Governing Council. Subsequently, His Excellency Hussain Muhammad Ershad, President of the People's Republic of Bangladesh, and His Excellency Dr. Kenneth David Kaunda, President of the Republic of Zambia and current Chairman of the Organization of African Unity (OAU), also addressed the Council. A message from His Excellency Javier Pérez de Cuéllar, Secretary-General of the United Nations, was delivered to the Governing Council on his behalf. Their statements are reproduced in Chapter 4.

E. Tenth Anniversary Celebrations of IFAD

7. The Tenth Anniversary Celebrations of IFAD were inaugurated by His Holiness the Pope John Paul II, who addressed the Governing Council. Subsequently, special messages received on the occasion of the Tenth Anniversary of IFAD were delivered to the Governing Council. The address of His Holiness is reproduced in Chapter 4 and the special messages received are reproduced in Chapter 5.

F. Statement of the President of IFAD

8. A summary of President Jazairy's statement is contained in paragraphs 116 - 126, pages 31 - 33, of Chapter 3, Part A, of this Report and the full text of the statement appears in Chapter 4, pages 193 - 198.

G. Address by the Former President of IFAD

9. His Excellency Abdelmuhsin M. Al-Sudeary, former President of IFAD and Ambassador of the Kingdom of Saudi Arabia to the Republic of The Sudan, addressed the Governing Council. His statement is reproduced in Chapter 4.

H. General Statements

10. The General Statements of the Governors are outlined in the Summary Records (Chapter 3, Part A). The General Statements submitted in writing by Members and Observers who did not make oral interventions are reproduced in Chapter 3, Part B.

I. Replacement of the Chairman

11. The Vice-Chairman, H.E. Bashir El Mabrouk Said, informed the Council that in accordance with Rule 12 of the Rules of Procedure of the Governing Council, and as a result of informal consultations among Members of Category I, it had been agreed to fill the vacancy in the office of Chairman, created by the departure before the end of the session of H.E. Gerrit J.M. Braks (The Netherlands), by H.E. Ruud J. Treffers (The Netherlands). Accordingly, H.E. Ruud J. Treffers served during the last two days of the session as Chairman and as a member of the Bureau.

J. Closure of the Session

12. The closing statement of the President of IFAD is reproduced in Chapter 4, pages 215 - 221.

13. The Statement by the Vice-Chairman, H.E. Bashir El Mabrouk Said, closing the Eleventh Session of the Governing Council is reproduced in Chapter 4, pages 222 - 224.

CHAPTER 2

DECISIONS OF THE GOVERNING COUNCIL

A. Approval of Application for Non-original Membership

14. The Governing Council considered document GC 11/L.13 at its third meeting on 26 January 1988 and adopted, by acclamation, the following resolution:

> Resolution 46/XI
>
> Approval of Non-original Members of the Fund
>
> The Governing Council of IFAD,
>
> Taking into account Articles 3.2(b), 3.3(a), 4.2(b) and 13.1(c) of the Agreement Establishing IFAD and Section 10 of the By-laws for the Conduct of Business;
>
> Having considered the application for non-original membership by the Republic of Trinidad and Tobago, transmitted to the Council in document GC 11/L.13, and the recommendation of the Executive Board as to the Category in which this applicant State is to be classified;
>
> Approves the membership of the Republic of Trinidad and Tobago;
>
> Decides that this State is to be classified in Category III.

B. Progress Report on the Second Replenishment of IFAD's Resources

15. The Governing Council, after considering the Progress Report on the Second Replenishment of IFAD's Resources, as presented in document GC 11/L.4, took note of the report on this subject and urged those Member States that had not yet done so to deposit their Instruments of Contribution expeditiously and urged all Member Governments to complete their payments under the Second Replenishment as soon as possible.

C. Progress Report on the Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification

16. The Governing Council, having considered the Progress Report on the Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification (the Special Programme), as contained in documents GC 11/L.5, GC 11/L.5/Add.1, GC 11/L.5/Add.2 and GC 11/L.5/Add.3, took note of the report and endorsed the progress achieved to date on the Special Programme. In addition, the Governing Council expressed its appreciation to those that had already pledged contributions to the Special Resources for Sub-Saharan Africa and encouraged Member States in a position to do so, as well as other non-Member sources, to provide additional resources so that the target of mobilising US$ 300 million for the Special Programme could be achieved as soon as possible.

D. Audited Financial Statements of IFAD for 1986

17. The Governing Council considered and approved the Financial Statements showing the financial position of IFAD as at 31 December 1986 and the results of its operations for the year ended on that date, as contained in Appendices A to G inclusive of document GC 11/L.2 and the Report of the External Auditor thereon.

E. Proposed Budget of IFAD for 1988

18. After considering the proposed Budget of IFAD for 1988, as presented in documents GC 11/L.3 and GC 11/L.3/Add.1 (contained in Annex IV of this Report), the Governing Council adopted, on 27 January 1988, the following resolution:

Resolution 47/XI

Budget of IFAD for 1988

The Governing Council of IFAD,

1. Bearing in mind Article 6.10 of the Agreement Establishing IFAD and Regulation VI of the Financial Regulations of IFAD;

2. Noting that at its Thirty-First Session, the Executive Board reviewed and agreed upon a Programme of Work of IFAD for 1988 in the amount of SDR 202.2 million;

3. Having considered the recommendation of the Thirty-First Session of the Executive Board concerning the proposed Budget of IFAD for 1988; and the decision of the Thirty-Second Session of the Executive Board concerning the establishment of an Evaluation Committee and its related impact on the Budget of IFAD for 1988;

4. Approves the Budget of IFAD for 1988, as contained in documents GC 11/L.3 and GC 11/L.3/Add.1, in the amount of US$ 34 494 000, determined on the basis of a rate of exchange of 1 230 Italian Lire/US$ 1.00, plus a Contingency of US$ 500 000; and authorises the revised representation allowance of the President of IFAD, referred to in the same document;

5. Decides that, in the event the average value of the US Dollar in 1988 should change against the Italian Lira rate of exchange used to calculate the Budget, the total US Dollar equivalent of the Lira expenditures in the Budget shall be adjusted in proportion that the actual average exchange rate in 1988 bears to the Budget exchange rate.

F. Report on the Tenth Anniversary Celebrations of IFAD

19. The Governing Council, having considered the Report on the Tenth Anniversary Celebrations of IFAD, as contained in document GC 11/L.10, took note of the report on this subject. The Council also noted the presentation of Ten-year Service Awards by the Chairman and the President of IFAD to the members of staff listed in paragraph 289 of Chapter 3, Part A.

G. Report of the Chairman on the Preliminary Findings of the High-level Intergovernmental Committee on IFAD's Future Financial Basis and Structure

20. The Governing Council considered the Report of the Chairman on the Preliminary Findings of the High-level Intergovernmental Committee on IFAD's Future Financial Basis and Structure (document GC 11/L.6), the report on the Mobilisation and Use of Non-convertible Currency Contributions (document GC 11/L.7) and three Draft Resolutions on IFAD's Future Financial Basis and Structure (documents GC 11/L.8 and GC 11/C.R.P.1). The Council took note of the two reports and unanimously adopted the following resolution on 28 January 1988:

Resolution 48/XI

The Third Replenishment of IFAD's Resources

The Governing Council of IFAD,

Having considered the Report of the Chairman on the Preliminary Findings of the High-level Intergovernmental Committee on IFAD's Future Financial Basis and Structure, contained in document GC 11/L.6, and the proposal and recommendation of the Executive Board thereon;

Recalling Article 4.3 of the Agreement Establishing IFAD (the Agreement) which provides that, in order to assure continuity in the operations of the Fund, the Governing Council shall periodically review the adequacy of the resources available to the Fund;

Taking into account the objectives of the Fund as set out in Article 2 of the Agreement and its continuing role in providing resources for increasing food production and improving the nutritional level of the poorest people in developing countries;

Further Recalling the President's Report on IFAD's Future Financial Basis and Structure, contained in document GC 10/L.8, which, *inter alia*, recommended that arrangements be made for the necessary deliberations by appropriate bodies to be set up by the Governing Council to explore and examine alternative approaches in order to secure a firm future financial basis for the Fund;

Further recalling its Resolution 45/X of 11 December 1986 which, *inter alia*, set up a High-level Intergovernmental Committee consisting of a maximum number of 12 Members from each of Categories

I, II and III respectively under the chairmanship of the President of the Fund to review, inter alia, the proposals presented in Section V of the President's Report on IFAD's Future Financial Basis and Structure, contained in document GC 10/L.8, and to submit a report on its preliminary findings to the Governing Council at its Eleventh Session, through the Executive Board;

Bearing in mind that the Governing Council decided that, in its review, the High-level Intergovernmental Committee give priority attention to those issues which have an immediate impact on the Third Replenishment of IFAD's Resources under Article 4.3 of the Agreement and that the negotiations concerning the Third Replenishment start not later than the first quarter of 1988 with a view to ensuring the timely completion thereof, taking into account the report of the Committee;

Noting that its Resolution 37/IX of 23 January 1986 set the period of the Second Replenishment of IFAD's Resources as 1985 - 1987;

Decides that:

1. A Consultation on the Third Replenishment of IFAD's Resources (the Consultation) shall be set up which shall meet under the chairmanship of the President of the Fund, with its first session before 31 March 1988 and with such further sessions as the Consultation may deem appropriate, to discuss all aspects of the Third Replenishment of IFAD's Resources and to negotiate the conclusion of that replenishment with a view to ensuring the timely adoption of a resolution thereon, taking into account the findings of the High-level Intergovernmental Committee, contained in its report to the Eleventh Session of the Governing Council (document GC 11/L.6).

2. The Consultation shall consist of all Member States from Categories I and II and twelve Member States from Category III, the latter to be appointed by Category III.

3. The Consultation shall submit a report on the result of its deliberations during 1988 and any recommendations thereon to the Twelfth Session of the Governing Council, through the Executive Board. 1/

4. The President of the Fund shall be requested to keep the Executive Board informed of the progress of the deliberations of the Consultation.

5. The President of the Fund shall be requested to provide such assistance to the Consultation as may be necessary for the effective and efficient discharge of its function.

1/ The objective would be for the Consultation to complete its work no later than six weeks prior to the Thirty-Fifth Session of the Executive Board in December 1988, thereby allowing sufficient time for the timely submission of its report to the Board.

21. The Council, on 28 January 1988, also unanimously adopted the following resolution:

Resolution 49/XI

The High-level Intergovernmental Committee on IFAD's Future Financial Basis and Structure

The Governing Council of IFAD,

Having considered the Report of the Chairman on the Preliminary Findings of the High-level Intergovernmental Committee on IFAD's Future Financial Basis and Structure, contained in document GC 11/L.6, and the proposal and recommendation of the Executive Board thereon;

Recalling the President's Report on IFAD's Future Financial Basis and Structure, contained in document GC 10/L.8, which, *inter alia*, recommended that arrangements be made for the necessary deliberations by appropriate bodies to be set up by the Governing Council to explore and examine alternative approaches in order to secure a firm future financial basis for the Fund;

Further recalling its Resolution 45/X of 11 December 1986 which, *inter alia*, set up a High-level Intergovernmental Committee consisting of a maximum number of 12 Members from each of Categories I, II and III respectively under the chairmanship of the President of the Fund to review, *inter alia*, the proposals presented in Section V of the President's Report on IFAD's Future Financial Basis and Structure, contained in document GC 10/L.8, and to submit a report on its preliminary findings to the Governing Council at its Eleventh Session, through the Executive Board;

Bearing in mind that the Governing Council decided that in its review, the High-level Intergovernmental Committee give priority attention to those issues which have an immediate impact on the Third Replenishment of IFAD's Resources under Article 4.3 of the Agreement Establishing IFAD and that the negotiations concerning the Third Replenishment start not later than the first quarter of 1988 with a view to ensuring the timely completion thereof, taking into account the report of the Committee;

Decides:

1. To approve the preliminary findings of the High-level Intergovernmental Committee set out in the report of its Chairman, contained in document GC 11/L.6;

2. Taking into account the progress made and the conclusions reached by the Consultation on the Third Replenishment of IFAD's Resources in the course of 1988, to request the High-level Intergovernmental Committee as presently constituted to continue to consider those proposals, presented in Section V of the President's Report on IFAD's

Future Financial Basis and Structure, contained in document GC 10/L.8, as well as other views and suggestions put forward during the Tenth and Eleventh Sessions of the Governing Council and having primarily a longer-term impact on the future financial basis and structure of IFAD and to submit a report thereon to the Governing Council.[1]

3. That the composition of the High-level Intergovernmental Committee shall remain as decided by the Tenth Session of the Governing Council.

4. To request the President of IFAD to keep the Executive Board informed of the progress of the deliberations of the High-level Intergovernmental Committee.

5. To further request the President of IFAD to continue providing such assistance to the High-level Intergovernmental Committee as may be necessary for the effective and efficient discharge of its functions.

22. Upon the adoption of Resolution 48/XI, the Governing Council accordingly decided to endorse the appointment of the following Members from Category III to the Consultation on the Third Replenishment of IFAD's Resources:

From Africa:

Cameroon
Congo
Egypt
Kenya

From Asia:

India
Pakistan
Philippines
Yemen A.R.

From Latin America and the Caribbean:

Argentina
Brazil
Colombia
Panama

23. The Governing Council decided that a decision regarding the most suitable dates for the First Session of the Consultation on the Third Replenishment of IFAD's Resources should be made by the President of IFAD and the Secretariat, in consultation with the members of that body.

---

[1] The date by which the report would be submitted to the Governing Council would be decided at a later date.

H. Election of Members and Alternate Members of the Executive Board

24. Pursuant to Rule 40.2 of the Rules of Procedure of the Governing Council, an election was held by Members in Category III to fill the vacancies created by the expiry of terms of office of one Member and one Alternate Member of the Executive Board from Asia and one Member and one Alternate Member of the Executive Board from Latin America and the Caribbean. Accordingly, the Council declared as elected, for terms of office of three years, the following Member States:

Member	Alternate
Asia	
Cyprus	Nepal
Latin America and the Caribbean	
Cuba	Mexico

I. Report on the Status of the Headquarters Agreement

25. The Governing Council took note of the oral report on this subject, presented by the Assistant President of IFAD for General Affairs, Mr. Enrique ter Horst. It was further noted that the Governor for Italy had stated that a decision would shortly be taken on the selection of a site for the permanent Headquarters of IFAD and that the matter would be resolved in the coming year.

J. Twelfth Session of the Governing Council

26. The Governing Council, having considered document GC 11/L.11, adopted, on 29 January 1988, the following resolution:

Resolution 50/XI

The Twelfth Session of the Governing Council

The Governing Council of IFAD,

Having considered the recommendation of the Executive Board adopted at its Thirty-First Session relating to the date of the Twelfth Session of the Governing Council;

Decides, in accordance with Rule 45 of the Rules of Procedure of the Governing Council, to suspend temporarily Rule 2 of its Rules of Procedure so as to permit the holding of its Twelfth Session in January 1989; and

Authorises the President to incur obligations or make payments, if necessary, for normal operating expenditures which may arise between 1 January 1989 and such time as the Governing Council approves the Budget of IFAD for 1989, with amounts so used to be subsequently allocated against the appropriate items in the approved Budget of IFAD for 1989.

K. Implementation of Article 6.8(b) of the Agreement Establishing IFAD: Continuity in the Office of the President of IFAD

27. The Governing Council, having considered document GC 11/L.12, unanimously adopted, on 29 January 1988, the following resolution:

Resolution 51/XI

Implementation of Article 6.8(b) of the Agreement Establishing IFAD: Continuity in the Office of the President of IFAD

The Governing Council of IFAD,

Having considered document GC 11/L.12 and the proposal therein and the Executive Board's recommendation thereon;

Having noted that the first and current term of office of the incumbent President of IFAD is to expire on 18 November 1988;

Having further noted that the Executive Board has decided to convene the Twelfth Session of the Governing Council on 24 - 27 January 1989;

Bearing in mind Article 6, Section 8(b), of the Agreement Establishing IFAD, as amended;

Decides that in accordance with Article 6, Section 8(b), of the Agreement Establishing IFAD:

(a) The incumbent President of IFAD, Idriss Jazairy, shall continue to perform the duties of his office until the date the person appointed to the position of the President by the Governing Council at its Twelfth Session is able to assume the office.

(b) The incumbent President shall perform his duties until the date referred to in paragraph (a) above on the same terms and conditions of service as are applicable to him on the date of the adoption of this Resolution.

L. Report of the Chairman on the Preliminary Findings of the High-level Intergovernmental Committee on IFAD's Future Financial Basis and Structure (continued)

28. The Governing Council, after further consideration of Annex III of the Draft Resolutions on IFAD's Future Financial Basis and Structure, contained in document GC 11/L.8, and the revised version thereof, contained in document GC 11/C.R.P.1, adopted, on 29 January 1988, the following resolution:

Resolution 52/XI

The Mobilisation and Use of Non-convertible Currency Contributions

The Governing Council of IFAD,

Taking into account Article 4, Section 5(b), and Article 5, Section 1(b), of the Agreement Establishing IFAD (the Agreement);

Having considered the Report of the Chairman on the Preliminary Findings of the High-level Intergovernmental Committee on IFAD's Future Financial Basis and Structure (document GC 11/L.6), established by Resolution 45/X of the Governing Council to review proposals on IFAD's Future Financial Basis and Structure, and the proposal and recommendation, submitted through the Executive Board, contained in documents GC 11/L.7, GC 11/L.8 and GC 11/C.R.P.1, to facilitate the use of the contributions of Members of Category III made in their own currency, which is not freely convertible;

Noting the great potential for the promotion of South-South cooperation through the mobilisation and use of the available non-convertible currency contributions of Members of Category III;

Decides that, taking into account the national legal procedures of the contributor and the operational policies and procedures of the Fund:

I. The initial or additional contributions of a Member of Category III paid in its own, non-convertible, currency may be used by the Fund, in accordance with Article 5, Section 1(b), of the Agreement:

   (a) in consultation with the contributing Member concerned for the payment of administrative expenditures and other local costs of the Fund in the territories of that Member, which shall include the purposes set out in items (i) to (vii) inclusive of Attachment A hereto; or

   (b) with the consent of the contributing Member concerned for the payment of goods or services produced in its territories and required for activities financed by the Fund in other States, which shall include the purposes set out in items (viii) to (x) inclusive of Attachment A hereto.

II. The consultation shall be in the form of prior notification by the Fund to that Member of the intended use or uses of the non-convertible currency contribution of the Member Country. Such available amounts as may be requested by the Fund to be paid from the available non-convertible currency contribution of any Member of Category III for the purposes specified in items (i) to

(vii) inclusive of Attachment A shall be released promptly after this consultation, subject only to the normal administrative and financial clearance of its central bank or such other bank with which the contributions may be deposited.

III. The use by the Fund of the non-convertible currency contributions of Members in Category III for the purposes specified in items (viii) to (x) inclusive of Attachment A, which require the consent of the contributing Member concerned as referred to in paragraph I(b) above, shall require the specific request of the Fund to the contributing Member concerned for its consent.

IV. The President of IFAD be requested to keep the Executive Board informed periodically of the progress made in the use of non-convertible currency contributions of Members of Category III.

(Note: Attachment A to this Resolution is shown on the following page)

ATTACHMENT A

THE USES OF NON-CONVERTIBLE CURRENCY CONTRIBUTIONS (NCC) OF IFAD'S CATEGORY III MEMBERS

A. NCC uses which should require only consultation with Member Governments under Article 5, Section 1(b), of the Agreement Establishing IFAD

(i) Research grants for activities carried out by international and regional centres in the Member State providing the NCC.

(ii) Technical assistance grants for project preparation and other related activities in the Member State providing the NCC.

(iii) Training programmes, seminars and workshops in the Member State providing the NCC.

(iv) The cost of Governing Council and Executive Board meetings that may be held, in accordance with the relevant rules of procedure, outside of Italy in the Member State providing the NCC.

(v) The printing of IFAD publications in the Member State providing the NCC.

(vi) Identification, preparation, appraisal, supervision and monitoring and evaluation costs incurred in the Member State providing the NCC.

(vii) Institution-building activities, including support for Non-Governmental Organisations (NGOs) in the Member State providing the NCC.

B. NCC uses which should require the consent of Member Governments under Article 5, Section 1(b), of the Agreement Establishing IFAD

(viii) Local cost financing for project components financed by IFAD in the Member State providing the NCC.

(ix) Local procurement of goods and services in Member States for projects financed by IFAD in other Member States or goods and services for the use of IFAD.

(x) Currency exchanges/swaps with other organisations.

CHAPTER 3

A. SUMMARY RECORDS

(i) Summary Record of the First Meeting held on Monday, 25 January 1988, at 5.00 p.m. in Rome, Italy

Chairman : Mr. KANAAN (Jordan)
later : Mr. BRAKS (The Netherlands)

Paragraphs

Opening of the Session (agenda item 1) 30

Adoption of the Agenda (agenda item 2) 31

Election of the Chairman and Vice-Chairmen of the Governing Council (agenda item 3) 32 - 44

29. The meeting was called to order at 5.25 p.m.

OPENING OF THE SESSION (agenda item 1)

30. The CHAIRMAN declared open the Eleventh Session of the Governing Council.

ADOPTION OF THE AGENDA (agenda item 2) (GC 11/L.1/Rev.1)

31. The agenda (GC 11/L.1/Rev.1) was adopted.

ELECTION OF THE CHAIRMAN AND VICE-CHAIRMEN OF THE GOVERNING COUNCIL (agenda item 3)

32. The CHAIRMAN announced that, in accordance with Rule 12 of the Rules of Procedure, the Council had to elect a Bureau consisting of a Chairman and two Vice-Chairmen to serve for two years. Each category must be represented by one officer. He called for nominations for the post of Chairman.

33. Mr. AL-LOZI (Jordan) nominated Mr. Gerrit BRAKS, Minister for Agriculture and Fisheries of The Netherlands, who was one of the pioneers of agricultural development in his own country and had already proved his abilities in IFAD and other fora.

34. Mr. HOYOS (Austria) and Mr. AMISI (Kenya) seconded the proposal.

35. Mr. BRAKS (The Netherlands) was elected Chairman of the Governing Council by acclamation.

36. The CHAIRMAN called for nominations for the offices of Vice-Chairmen.

37. Mr. VALENZA (Italy) proposed Mr. Bashir El Mabrouk Said of the Libyan Arab Jamahiriya as Vice-Chairman.

38. Mr. ZALDARRIAGA (The Philippines) and Mr. SASTROMIDJOJO (Indonesia) seconded the proposal.

39. Mr. AL-ATTIYAH (Qatar) proposed Mr. FitzPatrick Chuula of Zambia as Vice-Chairman.

40. Mr. MONFORTE (Spain) and Mr. SIBAL (India) seconded the proposal.

41. Mr. Bashir El Mabrouk Said (the Libyan Arab Jamahiriya) and Mr. FitzPatrick Chuula (Zambia) were elected Vice-Chairmen by acclamation.

42. Mr. Braks (The Netherlands) took the Chair.

43. Mr. KANAAN (Jordan) expressed his thanks to all who had honoured him with their confidence during his term as Chairman of the Governing Council, which had coincided with a period of particular economic difficulties for the whole community of nations. During the past year, discussions had been initiated on the future financial basis and organisation of IFAD during its second decade and he stressed the importance of reaching agreement in 1988 on the Third Replenishment of the Fund to enable it to carry on its essential work.

44. After thanking Mr. Kanaan for his work in the office, the CHAIRMAN acknowledged the great honour conferred on him and The Netherlands Government by his election as Chairman of the Governing Council. He also wished to offer his congratulations to the two Vice-Chairmen. He stressed the need for teamwork within the Governing Council and underlined the crucial importance of the findings of the High-level Intergovernmental Committee on IFAD's Future Financial Basis and Structure which were evidence of a strong desire that the Fund should continue its work. He therefore urged all participating countries to make a concerted effort to that end during the Council's deliberations.

45. The meeting rose at 5.50 p.m.

(ii) Summary Record of the Second Meeting held on Tuesday, 26 January 1988, at 10.30 a.m. in Rome, Italy

Chairman : Mr. BRAKS (The Netherlands)

	Paragraphs
Opening Ceremony of the Session and Address by the President of the Council of Ministers of the Italian Republic	48 - 61
Inaugural Ceremony of the Tenth Anniversary Celebrations of IFAD and Address by His Holiness the Pope John Paul II	64 - 90
Applications for Non-original Membership (agenda item 16)	91 - 95
Special Messages from Heads of State and Heads of Government Received on the Occasion of the Tenth Anniversary Celebrations of IFAD	96

46. The meeting was called to order at 10.30 a.m.

47. Mr. Giovanni Goria, President of the Council of Ministers of the Italian Republic, was conducted to his seat.

OPENING CEREMONY OF THE SESSION AND ADDRESS BY THE PRESIDENT OF THE COUNCIL OF MINISTERS OF THE ITALIAN REPUBLIC

48. Mr. JAZAIRY (President of the Fund) paid tribute to Italy's endeavours in the struggle against hunger. Italy had contributed generously to the Second Replenishment and to the Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification (Special Programme) and he expressed the hope that in future, together with other donor countries, Italy would make further efforts to ensure that the Special Programme's objectives were achieved. The only lasting solution to the problem of nourishing the population of Africa lay in supporting their own food production.

49. In conclusion, he expressed the hope that, after the postponement of the previous date of 1986, IFAD's permanent Headquarters would be made available in 1988 as promised.

50. Mr. GORIA (President of the Council of Ministers of the Italian Republic) paid tribute to IFAD's achievements during the ten years of its existence and expressed the hope that its work would continue with the same determination and intelligence that had characterised the first decade.

51. There was increasing awareness of the interdependence between growth in the industrialised countries and development in the Third World. His Holiness the Pope John Paul II, who would be attending the Inaugural Ceremony, had repeatedly called for greater international solidarity, for a more equitable distribution of wealth and the defence of the poorest sections of the community within each country, affirming - in the words of Pope Paul VI - that development was the new name for peace.

52. Italy welcomed the agreement reached by the United States and the Soviet Union on the elimination of a whole category of nuclear arms and hoped that it would lead to further agreements on both nuclear and conventional weapons. The Italian Government would pursue its efforts to promote disarmament and international cooperation, and would increase its development aid. For Italy, IFAD occupied a special place because its philosophy was in total harmony with Italy's own strategy of cooperation for development. The Fund was the first international financing body set up to help the most deprived rural populations endeavouring to provide those in need with the means of production. Its original tripartite structure was indicative of the diversity that was the essence of the Fund, but it also possessed another significant feature: the rigorous management advocated by President Jazairy when he took office in November 1984.

53. Both Italy and the Fund had benefited from the experience gained in the development field over the past decade. Until the 1970s, both donor and beneficiary countries had pursued a policy of accelerated

industrialisation in the latter, promoting large-scale infrastructures and the rapid introduction of high technology, instead of trying to meet basic needs. Experience had shown that, in the best of cases, the result had been a relatively modest increase in gross national product (GNP), while on the other hand there had been many negative consequences. Agricultural development, aimed at ensuring self-sufficiency in food, health care and training, had taken place. The aim of Italy's development cooperation policy was to improve the use of human resources because they were the indispensable prerequisite for real progress. Italy's development strategy was not a static one governed mainly by humanitarian considerations; on the contrary, it was a dynamic strategy aimed at developing man and satisfying his fundamental aspirations.

54. Italy had made notable efforts in the field of official development aid, increasing its contribution from 0.12% of GNP in 1975 to 0.40% at present. The Government intended to continue those efforts and the draft law currently before Parliament provided for an increase in that aid of 10% compared to the previous year. Although the development programme had not yet been finalised, it would focus on four main areas: agriculture, health, training and basic infrastructures. Italy was a firm supporter of multilateral cooperation and in 1988 approximately 40% of total development aid would again be devoted to that sector.

55. With regard to IFAD, Italy had contributed 30 billion lire to the Second Replenishment and would participate in the Third Replenishment in a constructive, flexible and responsible manner. It had pledged a contribution of 30 billion lire to the Special Programme and would also be making a further special contribution of US$ 10 million. Italy intended to continue its fruitful collaboration with the Fund by financing specific development projects. It followed with keen interest the work of the High-level Intergovernmental Committee on IFAD's Future Financial Basis and Structure, whose findings would have direct implications for the Third Replenishment of IFAD's Resources. In that context, he urged countries from all categories to show flexibility and understanding.

56. He was able to confirm that a decision on IFAD's Headquarters was imminent and Italy's fulfillment of its commitment reflected the esteem in which IFAD was held by the Italian Government and people.

57. The contrast between the industrialised world, overwhelmed by the increasing cost of its own agricultural surpluses, and the developing world, which could not always satisfy its own requirements, could not be eliminated simply by transferring the surpluses. Industrialised countries must adopt measures within the framework of the European Communities (EC) and the General Agreement on Tariffs and Trade (GATT) to promote greater order in the international trade of agricultural products, while developing countries must increase their agricultural production, particularly that aimed at fulfilling their own food requirements.

58. The implementation of development cooperation programmes must be monitored more carefully and their results evaluated so as to verify to what extent objectives had been achieved. Detailed critical examination of how aid was used would result in the transparency and efficacy needed if the supply of international aid was to be increased.

59. The objective of overcoming hunger, disease and ignorance was undoubtedly difficult to achieve, but the task of eliminating inequalities and promoting peaceful development was one of the most noble and he wished to express his appreciation of the Fund's role in that respect. For its part, Italy would continue to provide support and collaboration.

60. The CHAIRMAN, speaking on behalf of all Member States, expressed deep appreciation to Mr. Goria for his address, which had demonstrated Italy's attachment to IFAD's work. The difficulties faced by developing countries could only be overcome through solidarity and Italy was an example and encouragement in that respect.

61. He welcomed the announcement that arrangements for IFAD's permanent Headquarters were being finalised.

62. The meeting was suspended at 11.00 a.m. and resumed at 12.05 p.m.

63. His Holiness the Pope John Paul II was conducted to his seat.

INAUGURAL CEREMONY OF THE TENTH ANNIVERSARY CELEBRATIONS OF IFAD AND ADDRESS BY HIS HOLINESS THE POPE JOHN PAUL II

64. Mr. JAZAIRY (President of the Fund) expressed his deep appreciation for the honour which His Holiness the Pope John Paul II had done the organisation by consenting to attend the ceremony inaugurating the Tenth Anniversary Celebrations of IFAD. Pope John Paul II had shown himself to be the defender of the world's poor and had often drawn attention to the duty incumbent on all to rekindle their hopes.

65. Immediately after his election to the Presidency of IFAD, he had become aware of His Holiness' keen interest in solidarity and justice. And he had not forgotten the pressing appeal which the Pope had made in February 1985 to the representatives of contributor Member Countries, thereby providing strong moral support in a crucial phase of the negotiations on the Second Replenishment. In his Encyclical "Labores Exercens", His Holiness had lauded the dignity of agricultural work and deplored the "objectively unjust situations" with which the rural poor of the developing countries had to contend.

66. That concern for the poor had an ecumenical foundation in the teachings of all the great religions, including the Bible, the Koran and the prayers of the Buddhists. That the material needs of the rural poor were inseparable from their spiritual needs was explicitly recognised in the United Nations Charter which viewed human welfare as encompassing economic, social, cultural, humanitarian and individual rights. IFAD was a concrete expression of that holistic approach to the welfare of the rural poor and would never lose sight of its mission.

67. His Holiness the Pope JOHN PAUL II said it gave him great pleasure to attend the ceremony inaugurating the Tenth Anniversary Celebrations of the creation of IFAD, which had already played an important part in the great effort of solidarity undertaken in the world during the second half

of the twentieth century. Many problems and conflicts might one day be recalled when looking back upon the present era, but mention would also have to be made of the international solidarity displayed in tackling the problems of humanity. Great efforts were indeed taking place today to promote peace, justice, international cooperation and human rights and they could not but give results in the future.

68. IFAD took its place in the network of United Nations agencies whose purpose it was to collect and use financial resources for projects in the fields of food and agriculture. The Holy See had from the outset been in favour of creating a special body to provide financial support for individual and collective efforts in the most underprivileged areas, with the objective of combating hunger and malnutrition. The serious problem of hunger on a world scale could not be solved by the action taken by food-producing countries alone. An effective solution would only be found if assistance were provided to the vast numbers of rural workers who lacked the economic and technological means of tackling the overwhelming obstacles facing them.

69. IFAD was unique in the criteria it used to determine financial contributions in the light of its Member Countries' economic strength. Furthermore, the allocation of its resources was geared to the ability of beneficiary countries to use them. Its objectives, however, were not confined to the provision of financing but included a study of the world economic situation. It was generally recognized today that whole continents needed to improve the living and working conditions of hundreds of millions of people. The President of IFAD had pointed out, in December 1986, that tens of millions of Asians were suffering from hunger and had no hope of seeing any improvement in their condition. The problem of survival in Africa had assumed catastrophic proportions and a large section of the population of Latin America remained cut off from development.

70. In his Encyclical on development in 1967, Pope Paul VI had drawn attention to material shortages and the exploitation of workers and had indicated the need to ensure minimum living conditions for all, to work for the common good and to overcome social evils. In his Encyclical Mater et Magistra, Pope John XXIII had asserted the need for concerted programmes to encourage and coordinate the efforts of both individuals and intermediary bodies.

71. Multilateral cooperation had now assumed a new emphasis since it could help to overcome the threat of neocolonialism and the fear of strategic hegemonies. Freedom, mutual respect, equality and the development of international cooperation were among the goals recognized by the Members of the United Nations. Their attainment depended on the vitality of international relations and was hampered by crisis. It was nullified by violence but furthered by a climate of mutual esteem and trust.

72. The present occasion provided an opportunity to review past efforts and to trace future action. A process of international détente was underway today, marked by a disarmament agreement between the United States and the Soviet Union. It was to be hoped that it would lay the

basis for more far-reaching arrangements in the future. If the most impoverished areas of the world were to benefit from it, however, the enormous resources invested in nuclear and conventional weapons must be diverted to the development of the poorest countries.

73. Peace and international détente required justice, the safeguarding of the rights of individuals and peoples, and development. Development - as Pope Paul VI had stated - should be the new name for peace. He therefore wished to appeal to all governments to collaborate in a major effort to that effect, leading to devalopment that respected the values of every people and every culture, and that signified victory over endemic diseases, poverty and hunger.

74. Never again to see whole populations dying because they lacked the necessities of life was not utopian, it was the expression of hope. Governments must dare to abandon excessive military expenditure in order to devote the maximum resources to economic, social, agricultural, health, cultural and scientific cooperation. Development depended on the ability of workers to market their products and on placing respect for the dignity of all before the search for profit. Respect for humanity would be sincere to the extent that the most developed societies helped the weakest. New confidence must be built up between the developed and the developing countries; hegemonism must be eschewed; administrations must be stringent in the use of resources and loans, and there must be a genuine will to bring about the social and human development of people.

75. In that context, the Church wished to assist all those who were working for social justice and the improvement of international economic conditions. It believed that any solutions chosen must be adapted to the specific conditions concerned and it had been with that in view that he himself had deemed it essential, when the Foundation for the Sahel had been created, to ensure that local churches studied and administered development projects in a region which had been so hard hit by natural disasters. They were thus taking part in the efforts made by the local populations and giving priority to training Africans to fight drought and desertification themselves. He hoped that IFAD too would make every effort to instil self-confidence in peoples who had been tried by great suffering.

76. He had wished in his address to recall the objectives and the spirit of the activities undertaken by IFAD and to suggest certain essential criteria for its important work. He was confident that IFAD would not fail to give new impetus to its activities in full awareness of the humanitarian and social objectives of its mission. That naturally implied that its Member Countries made available the requisite financial and technical resources. Responsibility for the human development of the poorest regions was the responsibility of all. None could consider that he was not involved so long as men and women lacked the basic minimum. In conclusion, he wished the organisation every success in the years to come.

77. Mr. MAKKAWI (Lebanon), speaking on behalf of the Asian countries in Category III, thanked His Holiness for his attendance at the ceremony celebrating the Tenth Anniversary of IFAD and expressed his appreciation

of the address which highlighted the ideals underlying the Fund's work. It also provided evidence of a strong commitment to all peoples, especially the developing countries, in their efforts to secure their future.

78. He wished to express the appreciation of the Lebanese Government and people at the interest shown by His Holiness in efforts to find a peaceful solution to the civil war raging in his country.

79. IFAD worked on similar principles to those of His Holiness the Pope John Paul II towards the creation of a world free from egotism and based on universal brotherhood and the observance of the fundamental rights of mankind. He trusted that those efforts would lead to the enjoyment of freedom allied with legality and justice.

80. Mr. MYAGILA (the United Republic of Tanzania), speaking on behalf of the African countries in Category III, expressed his sincere appreciation for His Holiness the Pope's address, which would guide IFAD and the world in their endeavours to combat injustice, dependence and hunger. It was clear that the Church, in keeping with its long history, was moving forward in step with the development efforts of mankind, especially in the Third World. In that respect, he was confident that the Church could do much to assist the rural poor to participate fully in bringing about a satisfactory world food order. He also wished to recall that in some parts of the world, especially in southern Africa, people were still struggling against injustice, terror and oppression.

81. Africa took pride in the fact that His Holiness had addressed the Eleventh Session of the Governing Council at a very difficult time when every effort must be made to conserve the Fund's structure and meet its financial requirements.

82. Mr. MALTEZ (Panama), speaking on behalf of the Latin American and Caribbean countries in Category III, said that it was an honour for him to thank His Holiness the Pope John Paul II for his message of peace and hope which would provide inspiration to rural people struggling daily for their very existence. It highlighted the fundamental role of the Church at a time when many Third World countries were beset by financial and economic problems. As long as innocent people were deprived of the necessities of life and the means to progress, the great promise of Christianity remained unfulfilled and no one had the right to rest or remain silent.

83. The Seventh World Food Day had provided an opportunity for His Holiness to glorify agricultural labour and pinpoint the difficulties affecting the poorest rural populations. These difficulties were linked with the need for a change in attitudes towards trade between rich and poor countries so that the former acknowledged the latters' right to fair prices for their produce and access to advanced technology leading to the alleviation of their debt burdens and the promotion of economic, political and social development.

84. His Holiness had rightly advocated that mankind must shoulder its responsibilities in connection with the serious problem of hunger in our time as a matter of extreme urgency.

85. Mr. AL-ATTIYAH (Qatar), speaking on behalf of the countries in Category II, expressed his gratitude and appreciation for the words of His Holiness the Pope John Paul II, which would remain with him to provide inspiration and which should be borne in mind by all those who took decisions concerning the future of mankind. The moral significance and spiritual dimension of the presence of the Pope at IFAD's Tenth Anniversary celebrations encouraged him to recall the unrepresented rural poor, particularly those striving to survive and defend their birthright in southern Africa and in the very lands where Christianity had originated, lands now occupied by foreigners and where children were denied their rights. According to the Prophet Mohammed, men are God's Children and the most beloved of men are those who well-treat their children.

86. Finally, he called on men of goodwill and conscience to act appropriately and thanked His Holiness for his inspiring address.

87. Mr. SAINTRAINT (Belgium), speaking on behalf of the countries in Category I, offered sincere thanks to His Holiness the Pope John Paul II for his address. The great concern of the Head of the Roman Catholic Church for the poor and needy of the world was well-known as were his high moral stature and the import of his Christian message, which should be reiterated untiringly, lest it be forgotten. The lesson preached by His Holiness was of confidence and love which should permeate the activities of IFAD in a world of strife and division so that the Members of the Fund were united in their common task.

88. The CHAIRMAN, on behalf of all Member States of IFAD, expressed his deepest appreciation to His Holiness the Pope John Paul II for his encouraging and inspiring address.

89. His Holiness the Pope John Paul II withdrew.

90. The President of the Council of Ministers of the Italian Republic withdrew.

APPLICATIONS FOR NON-ORIGINAL MEMBERSHIP (agenda item 16) (GC 11/L.13)

91. The Chairman invited the Council to adopt the draft resolution in document GC 11/L.13 and thus admit the Republic of Trinidad and Tobago to non-original membership of the Fund in Category III.

92. Mr. BULA HOYOS (Colombia) expressed his pleasure at the application of a brother country to accede to membership of IFAD.

93. Resolution 46/XI was adopted by acclamation.

94. The CHAIRMAN extended a warm welcome to the new Member.

95. Mr. WILLIAMS (Trinidad and Tobago), speaking on behalf of the Government and people of Trinidad and Tobago, expressed appreciation for the support given to his country's application for non-original membership. Trinidad and Tobago would, to the extent of its possibilities, contribute towards IFAD's development efforts. The assistance given by IFAD to small rural farmers was of particular

significance at a time when an increase in food production in the developing countries was of prime importance. In conclusion, he said that his country would do its utmost to contribute to the fulfillment of the Council's mandate.

SPECIAL MESSAGES FROM HEADS OF STATE AND HEADS OF GOVERNMENT RECEIVED ON THE OCCASION OF THE TENTH ANNIVERSARY CELEBRATIONS OF IFAD*

96. The CHAIRMAN read out special messages from His Excellency Li Peng, Acting Premier of the State Council of the People's Republic of China, His Excellency Shri Rajiv Gandhi, Prime Minister of the Republic of India, His Excellency Daniel Arap Moi, C.G.H., M.P., President and Commander-in-Chief of the Republic of Kenya, His Excellency R.F.M. Lubbers, Prime Minister of the Kingdom of The Netherlands, and His Excellency General Ibrahim B. Babangida, President and Commander-in-Chief of the Armed Forces of the Federal Republic of Nigeria.

97. The meeting rose at 1.15 p.m.

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* The texts of these messages are included in Chapter 5 of this Report.

(iii) Summary Record of the Third Meeting held on Tuesday, 26 January 1988, at 3.15 p.m. in Rome, Italy

Chairman : Mr. BRAKS (The Netherlands)

Paragraphs

Keynote Address by the President of the People's Republic of Bangladesh 100 - 112

Special Messages from Heads of State and Heads of Government Received on the Occasion of the Tenth Anniversary Celebrations of IFAD (continued) 113 - 115

Statement of the President of IFAD (agenda item 4) 116 - 126

Address by the Former President of IFAD 127 - 129

General Statements (agenda item 5) 130 - 155
- Italy 130 - 133
- Congo 134 - 139
- Nepal 140 - 141
- Kuwait 142 - 144
- United States 145 - 151
- France 152 - 155

98. The meeting was called to order at 3.40 p.m.

99. His Excellency President Hussain Muhammad Ershad, President of the People's Republic of Bangladesh, was conducted to his seat.

KEYNOTE ADDRESS BY THE PRESIDENT OF THE PEOPLE'S REPUBLIC OF BANGLADESH

100. Mr. JAZAIRY (President of the Fund) welcomed His Excellency Hussain Muhammad Ershad, President of the People's Republic of Bangladesh, to the Eleventh Session of the Governing Council. It was a great tribute to the hard work and dedication of the people of Bangladesh that the country had almost achieved self-sufficiency in food over recent years, but unfortunately it had then been struck by the worst flood of the century. The relationship between the Fund and Bangladesh had been very productive. Bangladesh had proved a model recipient country. Multitudes of landless people and poor rural women had been given a new lease of life and an opportunity to make greater use of their productive potential through the unique work done by the IFAD-supported Grameen Bank. By its efforts Bangladesh was making an excellent contribution to the task of mobilising resources for the rural poor throughout the world.

101. Mr. ERSHAD (President of Bangladesh) said that he was very grateful to have the opportunity of addressing the Governing Council at the beginning of the Fund's second decade of daunting endeavours. It had been established at a time when widespread food shortages, poverty, malnutrition and hunger were afflicting the developing countries. Its objective had been to expand food production, alleviate poverty and ensure for the poorest of the poor access to a rising level of nutrition and the progessive enrichment of their lives. Technological progress in the production of food had now been sustained for more than a decade but should not give rise to complacency. Its distribution among countries remained extremely uneven. Although overall progress in food production in the world and in the developing countries as a whole was substantial, many countries still suffered from persistent food shortages and millions of people continued to face malnutrition and hunger. In the low-income developing countries the situation was critical. Persistent hunger and malnutrition continued to haunt the poor and deprive them of human dignity. While world food production had expanded appreciably, the numbers of the undernourished and the malnourished had also increased.

102. The Fund had rightly focused its policies on assistance to low-income countries in order to help them rapidly expand their food output. It was a matter of great satisfaction that IFAD's programmes and projects had stressed assistance to the landless, smallholders, artisans, fishermen, the rural poor and women. Despite those commendable beginnings, substantial progress had yet to be made in the struggle against hunger. Continued priority must be given to the programme of increased food production and to innovative measures for expanding productive employment so as to enhance access to food and nutrition. While the overall trend in food production in developing countries in recent years had been generally positive, during the six years between 1980 and 1986 in only a few Asian countries had food production exceeded the growth in population. In other regions of the developing world the per capita production of food had remained stationary or had even declined. According to the Food and Agriculture Organization of the United Nations (FAO), Asia's food production in 1986 had increased faster than its population, although in

Brunei, Nepal and Sri Lanka per capita food production had fallen; China, Malaysia and Pakistan had accounted for most of the increase and the other Asian countries' figures had been stationary. The situation in Latin America and Africa in 1986 had been worse: in both regions per capita food production had declined. In Argentina, Chile, Colombia and Uruguay food supplies had just been able to keep pace with their expanding populations. Africa had not yet overcome the terrible effects of drought and famine and, although it had had good harvests in 1986, its population had continued to grow faster than its food production.

103. Sub-Saharan Africa's situation was a good illustration of how dangerous an economic crisis could be if investment in agricultural development was not forthcoming for a long time. He commended IFAD's initiative in joining other multilateral donors and bilateral donors in seeking long-term solutions to the human problems of sub-Saharan Africa and in exploring possibilities of increasing its food production and protecting its environment. The Agreement Establishing IFAD stipulated that in allocating resources the Fund should be guided by the need to increase food production and to improve the nutritional level of the poorest populations in the poorest food deficit countries, and by the potential for increasing food production in other developing countries. During the past decade Bangladesh had watched with admiration the impressively professional manner in which IFAD had carried out that mandate. It had made great efforts to identify long-term issues in food production, to address those issues in each country within the framework of a sectoral programme and to sponsor specific assistance projects relevant to the region concerned. IFAD had financed nearly 200 projects in almost 100 countries throughout the developing world. Those projects had taken a wide variety of forms, ranging from integrated rural development to management training, from agricultural development to rural credit, and from development of livestock and fisheries to irrigation. Their most conspicuous feature was constant attention to the needs of the rural poor.

104. His Government's approach was similar to that of IFAD. A significant proportion of the people of Bangladesh lived below the poverty line. Although there had been steady progress in food production his Government had not been able to alleviate rural poverty. A major objective in its third five-year plan was the removal of rural poverty through programmes designed to create rural employment. He was gratified that it had been possible to establish a very fruitful cooperation between the Fund and Bangladesh, a country whose conditions corresponded fully with IFAD's objectives.

105. A distinguishing feature of the Fund was that donor and recipient countries were equal partners in governing, in decision-making and in working together to provide plans and resources for projects. That was a concrete expression of the belief that food and poverty issues were world problems and not simply matters affecting only Third World countries. Attention had to be focused as a matter of priority on food deficits and persistent food poverty in the least developed countries, but that could only be done in a favourable international economic environment. The overall decline in commodity prices, uncertainties in the international capital and foreign exchange markets, the continuing debt problem and stagnant international aid were having a very adverse effect on the transfer of resources to the developing countries from the developed world. They also created uncertainties regarding the future replenishment

of the Fund. If the international community intended to respond positively to the challenges of poverty and hunger and to allow IFAD to plan its role effectively, adequate resources had to be made available. That was a critical issue and he appealed to donor Member Countries to handle it with imagination and determination. He was glad that an agreement on the Second Replenishment of IFAD's Resources had been reached. Though modest, the agreement symbolised a general acceptance of the great importance of international cooperation in a vital area. He particularly commended Category II countries for reiterating their support for IFAD. Coming at a time of declining income, it demonstrated their unreserved commitment to North-South and South-South cooperation.

106. In recent times, emphasis had been placed on structural adjustment in the developing countries in response to the changing international economic environment and to the need for those countries to achieve higher economic growth rates. Bangladesh, like many other developing countries, had adopted adjustment and stabilisation measures, some of which had achieved varying degrees of success, although not without social cost. In many cases, the measures had placed a heavy initial burden on the poor and the disadvantaged. Reform and adjustment should not become separated from the social and political realities which set a limit on policy actions. While realistic policy dialogues must continue between the agencies concerned, IFAD should devise special programmes offering fast disbursement of investments which would increase food production and maximise the resource access of well-targeted disadvantaged groups. Bangladesh was the largest of the least developed countries. Despite difficult external and internal conditions, its economy in the past five years had demonstrated its resilience and capacity for resuming growth after setbacks. Bangladesh had adopted a vigorous adjustment programme last summer but unfortunately it had been hit by one of the worst floods of the century. Losses of property and other assets had amounted to nearly 8% of his country's gross domestic product. A decline in per capita income in the present year was almost certain despite assistance from the international community and intensive domestic efforts. A massive rehabilitation programme had been initiated to reconstruct the rural infrastructure and to recoup agricultural production losses.

107. A very heartening element in the cooperation between Bangladesh and IFAD was the latter's participation in the innovative programmes of the Grameen Bank. IFAD's cooperation with the Grameen Bank had particularly helped women, who were the most disadvantaged group among the rural poor. It was estimated that over 70% of the borrowers from the Grameen Bank were women, most of whom had no assets. Normally they would have no access to credit, but the Grameen Bank had lent them money without collateral and its recovery rate exceeded 98%.

108. Today, the experience of Bangladesh and several other countries indicated the crucial importance of expanding productive rural employment if the contrast between technological progress in food production and the relative lack of significant success in reducing poverty, malnutrition and hunger in developing countries was to be reduced. In that difficult but indispensable venture the role of IFAD would be vital in the coming years and demanded an enhanced response from the international community. He was confident that if the Fund was given the resources it so badly lacked and richly deserved it would be able to demonstrate the realism and wisdom of its basic approach to the problems of developing countries. There was

no greater challenge to the human conscience than the sight of people suffering from hunger. Countries should therefore resolve to cooperate with each other to help IFAD achieve its objective of saving millions from poverty, malnutrition and hunger.

109. Mr. de ROSEN (France), speaking on behalf of the countries in Category I, expressed his esteem and respect for the efforts of the people of Bangladesh in their struggle for development. As His Holiness the Pope John Paul II had said in his address, no one should fight alone against poverty. He assured the President of Bangladesh that the countries of Category I were more than ever aware of the need for international solidarity in the fight against poverty.

110. Mr. AL HADITHI (Iraq), speaking on behalf of the countries in Category II, expressed his deep appreciation to the President of Bangladesh for addressing the Council. IFAD should be proud of its achievements in combating the scourge of hunger and malnutrition. It had extended help to Bangladesh and he saluted the sacrifice and the efforts of its people in their struggle to overcome their problems.

111. Mr. ANDRIATSIAFAJATO (Madagascar), speaking on behalf of the countries in Category III, thanked the President of Bangladesh for his address. The strong ties existing between Third World countries had been demonstrated in IFAD's activities. Their external and internal circumstances were different but had never been a cause for separation. Bangladesh had a unique experience in projects for the rural poor. It had been the first to establish the system of rural credit which had developed into the Grameen Bank. The international community was following with great interest the efforts of Bangladesh to organise its future in development.

112. The President of the People's Republic of Bangladesh withdrew.

SPECIAL MESSAGES FROM HEADS OF STATE AND HEADS OF GOVERNMENT RECEIVED ON THE OCCASION OF THE TENTH ANNIVERSARY CELEBRATIONS OF IFAD (continued)*

113. The CHAIRMAN read out special messages from His Excellency General Mohammad Zia-ul-Haq, President of the Islamic Republic of Pakistan, and His Excellency Sayed Al Sadig Al Mahdi, Prime Minister of the Republic of The Sudan.

114. MR. MENSAH (Assistant President, Project Management Department) read out special messages from His Majesty Baudouin, King of the Belgians, His Excellency Paul Biya, President of the Republic of Cameroon, His Excellency Chadli Bendjedid, President of the People's Democratic Republic of Algeria, His Excellency François Mitterrand, President of the French Republic, His Excellency Jacques Chirac, Prime Minister of the French Republic, His Excellency Colonel Ali Saibou, President of the Supreme Military Council, Head of State of the Republic of The Niger, and His Excellency Abdou Diouf, President of the Republic of Senegal.

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* The texts of these messages are included in Chapter 5 of this Report.

115. Mr. HARMS (Secretary of the Fund) read out special messages from His Excellency Fidel Castro Ruz, President of the Council of State and the Council of Ministers of the Republic of Cuba, and His Excellency Alan García Pérez, Constitutional President of the Republic of Peru.

STATEMENT OF THE PRESIDENT OF IFAD (agenda item 4)

116. Mr. JAZAIRY (President of the Fund) welcomed delegates to the Eleventh Session of the Governing Council and extended a special welcome to the new Member, the Republic of Trinidad and Tobago. The presence of His Holiness the Pope John Paul II and of three eminent Heads of State or Government at the present session was a moving expression of support for the Fund.

117. The world food system as a whole remained extremely unstable; it was characterised by the re-emergence of the threat of famine in sub-Saharan Africa, a drought in south Asia - prompting fears that the drought cycle might be shortening - and the cruel paradox in the 1980s of hunger amidst record global surpluses. In-depth analyses conducted in 50 developing countries had shown that rural poverty stemmed in some instances from domestic policy and institutional constraints, compounded by adverse international factors such as the growing debt service burden, erratic commodity prices and exposure to competition from subsidised commodity exports on world markets. That had led him to suggest that the repayment of the largest part of sub-Saharan Africa's bilateral public debt should take the form of payments made to a local currency fund under IFAD auspices, so as to provide support for investment in food production and develop the productive potential of the rural poor. A solution must likewise be found to the unbearable impact on the rural poor of the external debt of Latin America and the Caribbean; developments under the Uruguay Round of Trade Negotiations would be crucial in that regard. But, there was no cause for despondency: several countries in Asia had achieved food self-sufficiency or near self-sufficiency; pioneering experiments had been undertaken in the Arab region; African leaders had adopted policy and institutional reforms; and in Latin America, political leaders had expressed their determination to tackle the problem of persistent poverty.

118. IFAD's Tenth Anniversary did not mark the end of an era. Under his guidance the Fund had followed the example set by his eminent predecessor Mr. Al-Sudeary, whose country had continued to play a pioneering role in the replenishment of IFAD's resources. The Fund had endeavoured further to develop appropriate strategies to ensure that its projects, while remaining cost-effective, directly benefited its target group and helped it to become more self-reliant. With that end in view, increasing emphasis had been placed on institutional development and viability. The Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification (Special Programme) had concentrated on rehabilitation and the self-reliant development of smallholder agriculture. Significant progress had been made in the implementation of the Special Programme, which had mobilised contributions amounting to some US$ 280 million. He appealed to all concerned to make the modest effort needed to attain the US$ 300 million objective set for the Special Programme.

119. In the first decade of its work the Fund had approved 220 projects, to which it had contributed US$ 2.3 billion. It now placed great emphasis on the evaluation of projects in order to improve performance. The Evaluation Committee established at the previous session of the Executive Board would further enhance that process. Evaluation entailed accountability and hence effective responsibility, which meant that ideas must be translated into practice at the field level. The Fund was accordingly playing an increasing part in supervising the implementation of IFAD-financed projects.

120. A series of events had been organised to commemorate the Fund's Tenth Anniversary, not simply as ceremonies but to assist IFAD in charting a course of action for the next decade. He thanked Member Governments for their voluntary contributions to those events. Reviews of approaches to participation had been conducted at a series of workshops organised in collaboration with the International Federation of Agricultural Producers (IFAP). The participation of non-governmental organisations (NGOs) in various Tenth Anniversary events bore witness to the Fund's determination to expand its cooperation with them. In 1987 an allocation of up to US$ 350 000 in grants annually had been authorized by the Executive Board for that purpose. He invited interested Governments and NGOs to consider matching that amount.

121. In one of the events, the Fund had hosted an International Consultation which had helped to develop IFAD's support for agricultural research efforts through moves to decentralise to national institutions in developing countries those applied research and training activities which at present were carried out by international and regional centres. That might allow the latter to concentrate their efforts on more complex and advanced fields of basic research and scientific development. An event to be held in Bangladesh in 1988 would explore new ways of developing credit operations for landless rural women, a particularly critical problem among isolated populations in South and South-East Asia and in the island states in the Pacific Ocean.

122. Another International Consultation, to be held in Algeria in 1988, would consider the interaction between poverty and ecology and, among other things, help to determine how best to support smallholders and pastoralists in the Sahel, North Africa and the Near East. It would also provide insights into the replicability of a pilot project for the integrated development of a watershed spanning Algeria and Tunisia. One conclusion reached by the International Panel on Investment Strategies to Combat Rural Poverty, convened in Brasilia as part of the Tenth Anniversary celebrations, was that the Fund should further sharpen its focus on pockets of rural poverty in Latin America and the Caribbean. Experience gained in adopting measures for sub-Saharan Africa designed to protect the rural poor from the adverse consequences of structural adjustment programmes would be drawn on in order to adopt similar measures for Latin America and the Caribbean. The development of micro-rural enterprises was identified as a further area of concern.

123. The Tenth Anniversary events had served to promote global recognition of IFAD's aims and effectiveness. A commemorative stamp had been issued by the United Nations Postal Administration (UNPA) and a Universal Postal Union (UPU) recommendation to issue commemorative stamps had been followed by several governments. An International Art Show for the End of World

Hunger was currently helping to raise awareness of rural poverty as well as funds for the Special Programme. The United Nations Association of the United States had devoted its United Nations Day Celebration to saluting IFAD for its achievements. On that occasion the President of the United States had delivered a message of praise to IFAD.

124. All that, together with messages from several Heads of State or Government, was a valuable encouragement to the Fund, which would pursue its task without losing sight of the need to keep administrative costs to a minimum. With that in mind, the 1988 Budget represented a reduction in real terms by comparison with that of 1985. IFAD's task covered both management of past projects and new project development. Despite a fivefold increase between 1980 and 1987 in the number of projects under implementation, the added costs of increased portfolio management would be more than covered by the service charges paid to IFAD. Moreover, the Fund had ensured that expenditure on new programme development had not involved more than seven cents for every dollar of resources committed. That streamlined style of management would continue in the future. An essential ingredient of it was harmonious staff relations and he was indebted to the staff for their dedication in the pursuit of a common objective.

125. Effective management was related to availability of resources. IFAD had played an important role in mobilising further resources from other donors: between the first and second five-year periods, cofinancing had risen more than threefold. IFAD-initiated projects had been particularly successful in reaching and involving the rural poor and that should be an incentive to interested institutions and bilateral donors to consider cofinancing a larger proportion of such projects. New means of expanding the scope for bilateral-donor cofinancing might include trust funds, longer-term cofinancing targets and participatory arrangements.

126. He was convinced that the Fund was embarking on its second decade on a firm financial footing. He had concluded from the deliberations of the High-level Intergovernmental Committee on IFAD's Future Financial Basis and Structure that the vital ingredients for successful Third Replenishment negotiations were to hand, including the commitment to preserve IFAD as a unique expression of North-South partnership, flexibility in the relationship between traditional contributors, and the novel prospect of the development of a coalition between traditional developing key contributor countries and several larger or relatively more advanced recipient Members, who had expressed a readiness to work together to reinforce the Fund's resources. Recipient countries, in general, would be encouraged to make higher convertible currency contributions by the apparent willingness of industrialised donor Members to match such moves. The severe economic crisis in many countries provided all the more reason to strengthen IFAD, since a commitment to combating hunger and poverty implied support for an institution whose entire purpose was that. The common commitment of Member Countries would surely strengthen their capacity to ensure that humanity was freed from the scourge of poverty and hunger.

ADDRESS BY THE FORMER PRESIDENT OF IFAD

127. Mr. AL-SUDEARY (former President of the Fund) said he had been honoured to be associated with an institution that was firmly established in a leading position in the struggle for a world free from hunger. The presence of His Holiness the Pope John Paul II and three Heads of State or Government on the occasion of IFAD's Tenth Anniversary demonstrated its President's ability to mobilise international support for the Fund's noble objectives. IFAD's success was founded on the basic philosophy that had inspired its founding fathers, namely that people should be the centre-piece of development. Without that approach no outside intervention could induce rural societies in developing countries to become self-reliant. The Fund's unique tripartite structure represented a new form of international cooperation and its ability to operate on the basis of consensus in its governing bodies proved that rich and poor countries could work together in combating the common enemies of poverty and hunger.

128. Projects funded by IFAD had resulted in increasing food output by an amount which represented more than 20% of the cereal imports of developing countries and benefited some 110 million people, thereby setting an irreversible trend in the mobilisation of assistance for the rural poor. That momentum must be maintained. IFAD had swiftly and effectively confronted the vicious circle of drought and hunger, particularly in sub-Saharan Africa. The Special Programme and the innovative Belgian Survival Fund had been particularly successful. The developing countries continued to experience high unemployment, slow economic growth and an unprecedented level of external debt, while many of them had to cope with repeated drought and crop failures. It was therefore imperative that IFAD should be guaranteed regular, stable funding in order to enable it to accomplish its mandate.

129. Resources would continue to be mobilised under the charter established for the Fund 10 years ago. However, the international economic situation had changed radically and all the partners involved in future replenishments should work together to establish a flexible funding mechanism based on objective indicators in order to facilitate the replenishment process and eliminate the uncertainty surrounding IFAD's financial future. Despite a loss of momentum in multilaterialism over the past five years, it remained the only effective mechanism for combating poverty and hunger, particularly since 1.4 billion people now required urgent help in the form of innovative and appropriate development assistance programmes. It was vital to reinforce the spirit of multilateralism in IFAD, particularly in view of its unique mandate founded on North-South and South-South cooperation.

GENERAL STATEMENTS (agenda item 5)

130. Mr. FERRARI AGGRADI (Italy) congratulated the President on his effective leadership of the Fund over a difficult period and hoped that IFAD would continue to act as a catalyst in mobilising and deploying resources in favour of the neediest human beings in rural areas in developing countries. To that end it was essential to sensitise public opinion in donor countries to the need to provide support for the Fund through multilateral channels, which were the best means of achieving beneficial results.

131. He endorsed the opinions and ideas expressed by the President in his statement. His delegation would approve the proposed Budget of IFAD for 1988, as revised in the addendum to the budget submission (documents GC 11/L.3 and GC 11/L.3/Add.1). The question had been raised of Italy's permanent presence as a Category I member of the Executive Board; that presence was simply a means of enhancing its support for the Fund as its host country. Italy had made one of the largest donations to the Special Programme and, as a token of its appreciation for the Special Programme's goals and priorities, it had decided to make an additional contribution to the Special Programme with a view to enabling the Italian contribution to reach its target of US$ 27 million.

132. His country realised that there were serious obstacles that prevented an early consensus on the President's proposals regarding the Third Replenishment. It hoped that, given a flexible attitude on the part of donors in Categories II and III, significant results would be achieved during the forthcoming consultations. In view of the statement by Category II countries about their inability to confirm the same level of contributions as pledged in the Second Replenishment, the multiplier applied by Category I countries should be as high as possible. His country was prepared to adopt a positive stand on that point and to increase its participation. He welcomed the decision by certain Category III countries to raise their convertible currency donations and the fact that some of the poorest countries would make contributions. However, that mechanism was not intended to shift the burden of the Third Replenishment on to those countries. It was merely intended to trigger a chain reaction. What was important was the collective gesture by Category III countries; every dollar they donated would generate at least five times that amount in resources which would subsequently be used for their development. His delegation would support the three draft resolutions annexed to document GC 11/L.8.

133. The ad hoc commission appointed by the Italian Government to select a new headquarters for IFAD in Rome had completed its survey and submitted its findings to the Foreign Minister. His Government would speedily approve plans for a rapid solution to the problem. The necessary funds had already been allocated. He hoped that the inauguration of the new headquarters would give fresh impetus to support for the Fund commensurate with the importance of its work in the service of mankind.

134. Mr. LEKOUNDZOU (The Congo) conveyed the good wishes of the President, Government and people of the People's Republic of The Congo to IFAD on the occasion of its Tenth Anniversary. The words of the distinguished guests who had addressed the session would enhance the tradition of wise deliberation in the Governing Council. He welcomed the Republic of Trinidad and Tobago to the Fund; its admission further strengthened the universal character of IFAD, which was a unique institution for rural development intended to benefit the poorest peoples and areas in developing countries.

135. His delegation approved the Audited Financial Statements for 1986 of IFAD and the Special Programme. He expressed appreciation to all donor countries which had contributed to the Special Programme and urged those industrialised countries that had not yet done so to announce their contributions. He also urged those major countries that had made only a

symbolic contribution to the Special Programme to provide further support for it with a view to enabling it to achieve its goal of US$ 300 million. The international community had unanimously recognised the important help rendered by the Special Programme in overcoming the effects of natural disasters and in eradicating cyclical famine in Africa. The projects carried out under the Special Programme assisted countries in overcoming their dependence on food aid and were the best means of tackling the tragedies that had afflicted Africa between 1983 and 1985, as well as of reducing the region's dependence on food aid.

136. With financial assistance from IFAD and with the benefit of its practical experience over the past 10 years, his country had embarked on a major restructuring of its agricultural policy, based on strong support for small farmers, with a view to achieving food self-sufficiency by the year 2000. He hoped that The Congo would continue to enjoy financial and practical support from IFAD in its efforts to regenerate its agricultural sector. He expressed regret at the reduction in IFAD's activities since 1982 as a result of delays in reaching agreement on the Second Replenishment. He endorsed the comments and recommendations of the Executive Board in that connection.

137. He welcomed the progress achieved in the High-level Intergovernmental Committee and supported the proposals submitted by the President on the question of the Third Replenishment. In particular, his delegation would favour the extension of the period to be covered by the Third Replenishment from three to four years provided the level of replenishment was realistically related to the volume of activity needed to justify the existence of the Fund. His delegation supported the proposal that participation by Category III countries in the next round of negotiations should be increased from 6 to 12 representatives and it commended the President on his efforts to make greater use of contributions to the Fund in non-convertible currencies.

138. With regard to IFAD's future financial basis and structure, his delegation considered that the establishment of special programmes or funds should not dilute core financing for the main programmes of the Fund, which was the only way of meeting the needs of all Member States. His delegation would support the draft resolutions on the Third Replenishment of IFAD's Resources and on the High-level Intergovernmental Committee on IFAD's Future Financial Basis and Structure. It approved the framework and level of the proposed Budget of IFAD for 1988 and commended the Secretariat on the new presentation of the Programme of Work and Budget. He hoped that the creation of new posts in the Secretariat would correct the present imbalance in the geographical distribution of posts, which was unfavourable to developing countries, particularly those in Africa.

139. Despite their satisfaction in celebrating the Tenth Anniversary of IFAD, developing countries, particularly those in Category III, were still bearing the crushing burden of external debt, negative net capital flows and low commodity prices. As their plight worsened, it was increasingly difficult for them to mobilise financial support to redress the situation. Hence the urgent need to convene an international conference

on indebtedness and to establish a new international economic order which would bring about genuine equity between vendors and buyers in international markets thereby enabling all countries to acquire the necessary means to achieve stable social and economic development.

140. Mr. RAJAURIYA (Nepal) gave an account of his Government's efforts, supported by IFAD, to promote economic development in the rural sector. Its aim was to improve the living standards of the Nepalese people, especially small farmers and landless peasants. IFAD had provided loan assistance amounting to US$ 12.5 million and grant assistance of US$ 1 million for Nepal's Small Farmers Development Project, covering 90 projects and 45 000 households. The project had achieved highly encouraging results by expanding irrigation facilities which had led farmers to adopt new cultivation practices. It had also ensured the participation of women in development by providing support services and credit, thereby enhancing their role in food production. Agricultural output had increased significantly, as had the income of small farmers. Phase II of the project, for which IFAD had agreed to provide loan assistance of US$ 14.5 million, was currently being implemented.

141. The Fund had also provided loan assistance for four other projects, included in his country's programme to fulfil the basic needs of all its people by the year 2000. Despite those massive efforts, 43% of the population still lived below the minimum level of subsistence, thus making it necessary to give priority to programmes for alleviating rural poverty. It was also necessary to develop infrastructure services, particularly irrigation, in order to help new farmers to produce more food. Community irrigation projects implemented through the beneficiary had proved cost-effective and had had a positive impact on food production. His country had abundant water resources but needed continuous support and assistance from international agencies such as IFAD in order to harness them. He was therefore grateful to IFAD for selecting Nepal as the venue for the regional workshop on farmers' involvement in rural development programmes and the strengthening of farmers' organisations, an event, marking the Tenth Anniversary of IFAD, which would provide it with a forum to share its small farmers' development experience with other countries in the region.

142. Mr. SADIK (Kuwait) expressed appreciation to the President for his efforts to strengthen IFAD's role in promoting agricultural development in developing countries, particularly among rural communities and small farmers. IFAD had a heavy responsibility in assisting those groups to combat poverty and hunger and to improve the quality of their life. The Fund had built up invaluable experience over the past 10 years, the importance of which was fully recognised by the international community, as demonstrated by the support expressed for it at the present session on the occasion of its Tenth Anniversary.

143. With regard to IFAD's future financial basis and structure, he expressed support for the proposals submitted by the President to the High-level Intergovernmental Committee concerning the Third Replenishment. Kuwait was proud of IFAD's achievements and considered that it was important to ensure that the Fund was given the necessary resources within the framework of international cooperation in order to preserve its unique character. All Member States must recognise that the

economic situation of Category II countries had depreciated since the Second Replenishment. A flexible approach to the subject was the best means of ensuring that all countries contributed to the Fund according to their possibilities in a spirit of collective cooperation.

144. He welcomed the President's proposals with regard to the use of non-convertible currency contributions and would support measures to expand the Fund's self-financing capacity, provided that they did not place any additional burden on the Fund and that they would particularly benefit the least developing countries. He called on all Member Countries to demonstrate renewed solidarity in the High-level Intergovernmental Committee, which he hoped would achieve positive results.

145. Mr. BISSELL (the United States) said that IFAD's task on its Tenth Anniversary was to review the impact of its Members' collective enterprise and to chart new directions, encouraged in that task by the presence of several honoured guests on so memorable an occasion. The Fund was the first and only organisation to bring together the member states of the Organization of Petroleum Exporting Countries (OPEC) and the Organisation for Economic Cooperation and Development (OECD) as major donors, in the belief that those two important economic groups could share a common purpose, namely to promote the advancement of the poor throughout the world. Although conditions had changed - and would continue to do so - since IFAD's early years and might well warrant expansion of that original partnership, IFAD's house rested fundamentally on those two pillars.

146. IFAD had represented a new form of cooperation among countries in addressing the problems of world poverty and hunger at their source and its initial years had witnessed much trial and error. Lessons would have to be drawn from project evaluation in order to provide a sound basis for the second decade of the Fund's operations. The second decade held great promise. IFAD-financed projects had demonstrated the Fund's increasing ability to reach its intended beneficiaries and provide effective assistance by involving the beneficiaries themselves. It was to be commended for recognising the potential of NGOs in helping it identify needs and reach target populations.

147. IFAD was also to be credited with incorporating environmental concerns into its lending to a greater extent than many other agencies, highlighting the complementarity between the battle against poverty and the fight against environmental degradation. Its example in that area should be followed by other development agencies. More broadly, IFAD had increasingly directed its funding towards the poorest countries, and particularly those in sub-Saharan Africa, which were recognised as deserving special attention.

148. He was convinced that the Fund was equipped to meet challenges in Africa and elsewhere because of its dedicated staff, its capacity for innovation and its excellent leadership. Building on the solid foundations laid by his predecessor, President Jazairy had forged an institution with a reputation for finding creative solutions to the problems within its purview. IFAD had successfully struck a balance between the quest for efficiency and the desire to explore its mandate to the full. It had a well-earned reputation as an institution open to suggestion and criticism.

149. Much had been learned by IFAD in the previous 10 years. The establishment of the Evaluation Committee was a commendable demonstration of the Fund's awareness that further lessons could be drawn from that experience. Mistaken approaches could be improved upon and highly successful ones, the "novas" in the IFAD firmament, identified so as to assist in the selection of project models worth replicating.

150. President Reagan's message to President Jazairy, in which he had referred to IFAD's commitment to the individual's participation in development, pointed to the value placed by the United States on institutions which recognised the role of the private sector in achieving sustainable long-term economic goals. The progress made by IFAD in assisting developing-country entrepreneurs to help themselves and others had contributed greatly to the quality of development results. Since public sector resources nearly everywhere were expected to fall short of the needs of rural areas, IFAD should look even more towards indigenous private-sector opportunities to deliver goods and services to target populations. He urged the Secretariat to redouble its efforts in that regard.

151. To make further progress, IFAD must have the means to continue its work, and for that it depended upon its Members. The preliminary discussion on IFAD's future financial structure, while constructive, had produced no easy answers. In the forthcoming Third Replenishment consultations, the United States would seek to demonstrate openness while striving to maintain the traditional strengths and character of IFAD. He called upon all other Members to bring to the consultations the utmost commitment and determination. In conclusion, he announced that the United States Congress had just appropriated US$ 30 million for IFAD for the 1988 fiscal year, and that those funds would be made available as soon as the necessary formalities were completed.

152. Mr. de ROSEN (France) said that while certain developing countries had achieved remarkable economic progress over the past 10 years, others, often the poorest countries, were now even poorer than when IFAD was established. Efforts had been made by the international community in the World Bank, the International Monetary Fund (IMF) and the African Development Bank (AfDB) to provide additional assistance to the poorest and most heavily indebted countries, all of which had been supported by his country in addition to the assistance it provided under its expanding bilateral programme. IFAD played a key role in those international efforts and its activities deserved continued support.

153. Concessional financing of projects in the poorest countries, particularly in sub-Saharan Africa, should continue to be the focal point of IFAD activities. Its self-financing capacity should be expanded. Its loan conditions should not be harder than those of the International Development Association (IDA) and its unique tripartite structure, which made it a model form of international cooperation, should be preserved.

154. The Special Programme had achieved positive results and he hoped that Member States would respond to the President's appeal for further contributions to it to enable it to achieve its target of US$ 300 million. He announced that the Prime Minister of France had decided to authorise an additional contribution of 60 million French Francs to the Special Programme.

155. Special programmes were, however, no substitute for a substantial replenishment of the main resources of the Fund. His country considered that the level of the Third Replenishment should exceed that of the Second and be more in line with that of the First. That goal could be achieved provided all the partners concerned demonstrated the necessary political will to give concrete effect to the support for the Fund expressed in their statements and messages to the present session. He welcomed the progress achieved in the High-level Intergovernmental Committee and hoped that the three categories of countries would demonstrate their solidarity by successfully concluding the Third Replenishment negotiations. He urged all Member States that had not yet paid their contributions to the Fund to do so forthwith since arrears of contributions were detrimental to the progress of the negotiations. Finally, working methods and procedures in the negotiations needed to be improved so that they may be concluded rapidly.

156. The meeting rose at 6.50 p.m.

(iv) Summary Record of the Fourth Meeting held on Wednesday, 27 January 1988, at 9.30 a.m. in Rome, Italy

Chairman : Mr. BRAKS (The Netherlands)

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157. The meeting was called to order at 10.05 a.m.

STATEMENT OF THE EXECUTIVE DIRECTOR OF THE WORLD FOOD COUNCIL ON BEHALF OF THE SECRETARY-GENERAL OF THE UNITED NATIONS AND THE BUREAU OF THE WORLD FOOD COUNCIL

158. Mr. TRANT (Executive Director of the World Food Council) underlined the common heritage shared by the World Food Council (WFC) and IFAD, the World Food Conference held in Rome in 1974 having recommended the establishment of both organisations. In addition, the Secretariat of WFC had participated in the negotiations on IFAD's establishment and funding.

159. In Addis Ababa in 1984, on the occasion of WFC's tenth anniversary, it had been stressed that hunger and malnutrition were not the result of inability to produce enough food, but were due to human error or neglect and that they could be eradicated through human resolve.

160. In the current difficult economic environment, the main challenge facing governments was their historic responsibility to ensure that food was provided as a fundamental right to all. The elimination of hunger depended upon the political will of governments and the determination of the international community.

161. IFAD had shown that well-directed efforts aimed at increasing food production and improving the lives of small farmers could form part of the requisite global strategy. Unfortunately, shortage of funds was jeopardising IFAD's activities and the Governing Council had special responsibility to ensure that IFAD was provided with the means and resources to carry out its task.

162. WFC would continue to stress that well-being, including the elimination of hunger and malnutrition, must be the focal point of the development process.

SPECIAL MESSAGE FROM THE ADMINISTRATOR OF THE UNITED NATIONS DEVELOPMENT PROGRAMME*

163. The CHAIRMAN read out a special message from Mr. William H. Draper III, Administrator of the United Nations Development Programme (UNDP).

PROGRESS REPORT ON THE SECOND REPLENISHMENT OF IFAD'S RESOURCES (agenda item 8) (GC 11/L.4)

164. Mr. JAZAIRY (President of the Fund) said that the officially recognised period for the Second Replenishment of IFAD's Resources had been from 1 January 1985 to 31 December 1987. Therefore, in accordance with Governing Council Resolution 37/IX, Instruments of Contribution should have been deposited and payments against them completed by all Members that had made pledges to the Second Replenishment. A number of Instruments of Contribution and payments had been received in recent weeks and IFAD was close to its target.

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* The text of this message is included in Chapter 5 of this Report.

165. In Category I, 18 of the 20 countries that had made pledges to the Second Replenishment had deposited their Instruments of Contribution. Although Spain had not deposited an Instrument, it had made payments that fully covered its pledge. The other country that had not deposited an Instrument was Australia, but IFAD had recently received official notification that its Instrument and payments related thereto would be forthcoming. Fifteen of those Category I countries had made payments equal to the value of their pledges and one country - New Zealand - had made a supplementary payment that brought its total contribution to almost double its pledge. Of the total pledges by Category I countries, amounting to US$ 276 million, US$ 224.3 million or 81%, had actually been paid.

166. In Category II, nine of the 11 countries that had made pledges had submitted Instruments of Contribution. No Instruments had yet been submitted by Iraq or Algeria. However, notification had been received from Algeria that the procedure for the deposit of its Instrument of Contribution was under way. Three Category II countries had made payments totalling 100% of their pledges. Total Category II payments received amounted to US$ 58.6 million, or 32% of the Category II pledges of US$ 184 million. Notification of the deposit of several Instruments of Contribution had recently been received.

167. Pledges by Category III countries had been made at different intervals during the replenishment period and were in fact higher than was shown in Attachment A to Resolution 37/IX. Sixty-six Category III countries had so far made pledges totalling US$ 27.6 million and payments against those pledges amounted to US$ 16.8 million.

168. Mr. BULA HOYOS (Colombia) emphasised that Category III countries had made great efforts to help IFAD resolve its financial crisis, but they had reached the limit of their possibilities and could not be expected permanently to maintain the same level of contributions.

169. Mr. SAINTRAINT (Belgium) noted that Category I countries had fulfilled 81% of their commitment, while Category II countries had only reached 32%. IFAD would soon be embarking upon the Third Replenishment and he appealed to all countries to honour their pledges to the Second Replenishment.

170. Mr. POULIDES (Cyprus) asked whether the date under the column "Promissory Note" in the tables attached to document GC 11/L.4 referred to the date on which the promissory note was handed over or when payment was made.

171. Mr. JAZAIRY (President of the Fund) replied that it referred to the date on which the promissory note had been received.

172. Mr. AMISI (Kenya) stressed that it was vital for IFAD that countries in Categories I and II should fulfil their pledges and he appealed to them to do so in full. Kenya's commitment to pay US$ 1 million constituted a gesture from a Category III country and should be emulated by others.

173. The Governing Council took note of the Progress Report on the Second Replenishment of IFAD's Resources and urged those Member States that had not yet done so to deposit their Instruments of Contribution expeditiously and urged all Member Governments to complete their payments under the Second Replenishment as soon as possible.

PROGRESS REPORT ON THE SPECIAL PROGRAMME FOR SUB-SAHARAN AFRICAN COUNTRIES AFFECTED BY DROUGHT AND DESERTIFICATION (agenda item 9) (GC 11/L.5 and Add.1, Add.2 and Add.3)

174. Mr. MANSURI (Director, Africa Division) said that the Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification (Special Programme) had become effective in May 1986 and the first projects and programmes had been considered and approved by the Executive Board the same year. The documents before the Council summarised the progress made in implementing the Special Programme, which had continued to benefit from the enthusiastic support of the international community.

175. Six new projects and country programmes had been approved by the Executive Board for Burkina Faso, Guinea-Bissau, Mozambique, The Niger, Uganda and Zambia, bringing the total number of loans approved under the Special Programme to eleven. A total of US$ 62.8 million for loans on highly concessional terms and US$ 6.4 million for grants had been approved by the Executive Board to support the projects and programmes. At the project formulation level, eight identification missions and six appraisal missions had been completed or started in 1987 and the preparation of four new projects had begun. Moreover, six grants from the Special Operations Facility (SOF) had been approved by the President.

176. As part of the Special Studies conducted under the Special Programme, IFAD had begun an analysis of the impact of structural adjustment on African smallholders and the rural poor. In a number of countries, loans under the Special Programme had already been extended to complement the governments' structural adjustment efforts and to soften their possible negative impact on IFAD's target group and a number of country studies would be undertaken to provide a sound basis for related future operations.

177. As requested by the Executive Board, document GC 11/L.5/Add.1 summarised the progress made in implementing the projects and programmes financed under the Special Programme. It was too early to draw any policy conclusions from statistics related to such a short span of time. However, the disbursement ratios compared very favourably with those experienced under IFAD's Regular Programme during its initial years.

178. Finally, it should be noted that the international donor community had increased its strong support for the Special Programme, as well as its generous contribution to the Special Resources for Sub-Saharan Africa (SRS). As the President had mentioned in his Statement, IFAD was very close to achieving the tentative target of US$ 300 million for the SRS.

179. Mr. ABDELHADI (Tunisia) considered that the Special Programme should receive strong support because, unfortunately, the conditions that had led to its establishment still prevailed in Africa. He reiterated the President's appeal for renewed efforts to achieve the target of US$ 300 million.

180. He noted that the number of projects was not satisfactory and he proposed that the Secretariat should examine the problem of project presentation. In addition, at the end of 1988, IFAD should undertake a preliminary study of the rate of implementation of projects and their impact.

181. Mr. BULA HOYOS (Colombia), while welcoming the contributions to the Special Programme made by Belgium, France and Italy, thought that some other Category I countries could increase their efforts. Three Category I countries had not contributed to the Special Programme and the largest donor country in IFAD had not made a contribution commensurate with its possibilities. Among Category III countries, Djibouti, Mauritania and The Niger had set an example.

182. The situation in Africa remained precarious and the international community must act now and not after the crisis had become acute.

183. He asked whether there was close cooperation between the Food and Agriculture Organization of the United Nations (FAO) and IFAD in implementing projects because FAO had elaborated a number of projects that complemented IFAD's work.

184. Mr. SYKES (The United Republic of Tanzania) considered that it was a well-balanced Special Programme of a type that could be extended to other regions in Africa.

185. Mr. SAINTRAINT (Belgium) noted with satisfaction that, following the announcements by France and Italy the previous day, IFAD's target was likely to be reached. Belgium had already paid 51.59% of its commitment and the payment order for the remainder had been given.

186. Mr. FIIL (Denmark) said he would have preferred to see all the needs of sub-Saharan Africa financed out of core funds, but the resources had been used effectively and the staff concerned deserved congratulation. Denmark was pleased to announce that it would be making a further contribution of DKr 30 million and hoped that it would help in reaching the target figure.

187. Mr. OYAIDE (Nigeria) praised IFAD's foresight in establishing the Special Programme. The drought in Africa was still extremely serious and would undoubtedly exacerbate the problem of hunger and malnutrition. He proposed that IFAD should study the possibility of cooperation with regional bodies in Africa such as the Lake Chad Commission and the Niger Basin Commission.

188. The Chairman adjourned discussion on this agenda item until a later time.

189. The meeting was suspended at 11.00 a.m. and resumed at 11.30 a.m.

190. His Excellency Dr. Kenneth David Kaunda, President of the Republic of Zambia and Current Chairman of the Organization of African Unity, was conducted to his seat.

ADDRESS BY THE PRESIDENT OF THE REPUBLIC OF ZAMBIA AND CURRENT CHAIRMAN OF THE ORGANIZATION OF AFRICAN UNITY

191. Mr. JAZAIRY (President of the Fund) welcomed His Excellency Dr. Kenneth Kaunda who, as a great son of Africa and a charismatic leader and supporter of liberation struggles, needed no introduction. In addition to struggling for political freedom, Dr. Kaunda had also championed the economic liberation of the oppressed and been a universally respected advocate of the concerns of the developing countries in world forums. He had thus very appropriately served as Chairman of the Movement of Non-aligned Countries and of the Organization of African Unity (OAU).

192. IFAD was dedicated to concerns dear to Dr. Kaunda - the alleviation of hunger and rural poverty. Its activities in Africa had increased greatly in recent years, in particular through the Special Programme. In addition, the Fund had long been engaged in Zambia, where Dr. Kaunda provided inspiring guidance. In conclusion, he thanked the President of Zambia for having agreed to address the Governing Council and give it the opportunity to share his wisdom and to hear the voice of Africa.

193. Dr. KAUNDA (President of the Republic of Zambia and Current Chairman of the OAU) expressed his pleasure at the opportunity to address the Governing Council of IFAD, a special organisation that had contributed greatly to the fight against poverty and all its evil offshoots, including hunger and, above all, the exploitation of man by man.

194. Any reference to hunger in the developing countries was an acknowledgement that poverty existed there. If poverty were defeated using the right tools, then hunger could be eradicated, since there was no doubt that most developing countries had natural resources sufficient to feed their existing populations many times over. Why, then, was it that hunger was on the increase?

195. While he could affirm that the needy of African and other developing countries greatly appreciated the donations of the developed world, the real solution was to teach them to grow their own food so that they would never go hungry again. Equipped with the necessary capital and appropriate technology, they could wipe out poverty and hunger within a few years.

196. Referring to the usual criticism levelled at African Governments that they adopted the wrong policies, he drew attention to the lack of trained manpower in most developing countries when they acceded to independence. A special effort had been needed to develop education and experience was still limited. Therefore, while the African countries were prepared to acknowledge their shortcomings, the causes should be examined as well as the effects. IFAD must work towards procuring both the capital and the know-how to fight poverty and, to that end, he invited the developed world to consider seriously the joint venture approach, which helped to build bridges and promote greater cooperation.

197. Another major factor which kept Africa poor was the inequity in world trade, which had led to the call for a new economic order. Since oil prices had rocketed, the African countries had been helpless in the

face of the huge discrepancy between the low prices paid for their primary commodities and the high prices charged for goods and services by the developed world, which had been compounded by protectionist policies and the effects of natural disasters.

198. Even against that background, many donors demanded repayment of debts on time. While expressing gratitude to the handful of countries that had afforded debt relief, he urged the others to follow suit and stressed that any food donations should be part and parcel of a programme to encourage self-reliance.

199. He also felt that it was not morally right to discuss IFAD programmes without referring to the confrontation between East and West where, once again, the possibility of conflict should be staved off by the development of mutual understanding. It was well-known that a nuclear war could only result in the end of the human race and civilisation as it was known today. His own country and Africa as a whole therefore welcomed the dialogue between President Reagan and General Secretary Gorbachev, which had led to the Intermediate Nuclear Force Treaty, and hoped that other agreements would be concluded to make the world safer and enable everyone to enjoy the major freedoms enshrined in the United Nations Charter. The vast amounts of money spent on nuclear armaments could then be invested in the development of man, leading to the construction of human relations based on mutual love and respect. He was convinced that General Secretary Gorbachev was making an offer of genuine peace and that the West should grasp the proferred hand of friendship.

200. Africa appreciated the efforts of IFAD to fight against poverty and all its offshoots. It was a multilateral development finance institution which addressed the problems of the rural poor and the landless. Nevertheless, its efforts would not be effective in South Africa and Namibia, or the southern African region as a whole, because of the abominable system of apartheid, which was an affront to the international community and a conscious effort to make the poor even poorer and to dehumanise the black people. Thousands of innocent men, women and children in Angola and Mozambique had been killed or maimed by bandits organised and financed by South Africa. He therefore called once again upon the international community to apply comprehensive mandatory sanctions to bring the ruling racists in Pretoria to their senses. If the sufferings of the black people could not move to action those who opposed sanctions, he hoped that fear of an explosion which would destroy their investments might do so.

201. In its ten years of existence, IFAD had financed over 200 innovative projects in a large number of countries, with adequate results. It was heartening to learn that independent evaluations had been unanimous in lauding the Fund's effectiveness. He therefore commended the President of IFAD and his staff for their valuable contribution towards the eradication of rural poverty and hoped that support for the Fund would continue. He also congratulated IFAD on establishing the Special Programme and was happy to learn that the target of US$ 300 million had almost been reached. He wished to thank all those countries which had contributed to the Special Programme and, in accordance with a recent resolution of the OAU, he appealed for further contributions.

202. The task facing mankind in alleviating rural poverty was enormous. It called for urgent concerted cooperation among the nations of the world through integrated programmes. IFAD, through its grass-roots approach, was making a valuable contribution, but the work must be tackled with urgency, bearing in mind that improvement in rural standards of living was not merely the result of a direct transfer of technology from developed to developing countries. Differing socio-economic conditions made it essential that any innovation to be introduced into a developing country must be thoroughly adapted to local conditions.

203. The world had the resources needed to ensure victory in the crusade against poverty. Through collective will and resolve mankind could show that it was truly worthy of having been created in God's own image.

204. Mr. HOYOS (Austria), speaking on behalf of the countries in Category I, expressed his sincere thanks to Dr. Kaunda, who had led his country's struggle for freedom, social justice and development and was now leading Africa's fight against hunger and apartheid, for his inspiring address. It was appropriate that donor and developing countries should engage in a dialogue so that the former could provide the support needed by the latter. The comments made by the Current Chairman of the OAU would be of value as guidelines to the donor countries in the future.

205. Mr. ACHOUR (Algeria), speaking on behalf of the countries in Category II, said it gave him great pleasure to thank Dr. Kaunda, whose life had been devoted to the service of freedom and justice, for the honour he had done IFAD by attending its Tenth Anniversary celebrations. The Current Chairman of the OAU had constantly striven to tackle the problems of Africa, especially such problems as drought and desertification, those caused by the vestiges of colonialism and those of the peoples suffering from the most obnoxious form of racism known in history. Adverse economic conditions prevented Africa from making progress. Dr. Kaunda's words would serve as guidelines for the Fund in the future and assist it in its efforts to break the vicious cycle of hunger, malnutrition and poverty.

206. Mr. ARIZA HIDALGO (Cuba), speaking on behalf of the countries in Category III, said it had been a great privilege to hear the moving address of a great leader of the Third World and the Non-Aligned Movement, and the Current Chairman of the OAU. The continent of Africa had long been the object of colonial exploitation. It had not shaken off hunger and poverty and many of its people were still under the yoke of apartheid. The countries in Category III hoped that Dr. Kaunda would convey from them a message of encouragment to the suffering peoples of Africa. Dr. Kaunda was in himself a source of inspiration and had long struggled to improve the lot of humanity. He had now called upon those Member States of IFAD which were in a position to do so to make available to it the funds that were needed to come to the assistance of the rural poor. His presence at the Eleventh Session brought a large measure of hope to the countries in Category III.

207. The CHAIRMAN, speaking on behalf of all Members of IFAD, expressed his deep appreciation of the contribution made by their honoured guest on the occasion of the Tenth Anniversary of IFAD. His words would be a source of inspiration in the future.

208. The President of the Republic of Zambia and Current Chairman of the OAU withdrew.

PROGRESS REPORT ON THE SPECIAL PROGRAMME FOR SUB-SAHARAN AFRICAN COUNTRIES AFFECTED BY DROUGHT AND DESERTIFICATION (agenda item 9) (continued) (GC 11/L.5 and Add.1, Add.2 and Add.3)

209. Mr. EL GAZZAR (Egypt) expressed his agreement with the comments of his colleagues from Tunisia and Colombia and hoped that efforts would be made to prepare sound projects for submission to the Executive Board. He drew attention to the Egyptian Foundation for Technical Cooperation with African Countries which provided expertise on agriculture, irrigation and other subjects. Thirty-five African countries had signed agreements with it, and Egypt would be happy to increase its cooperation with IFAD through the Foundation in the context of the Special Programme.

210. Mr. MANSURI (Director, Africa Division) thanked the speakers for their comments. He wished to inform the Governors that a fourth African country, Zaire, had now pledged financial support for the Special Programme. With regard to the pace of preparation of projects, he pointed out that US$ 40 million had been committed the previous year whereas US$ 70 million had been committed for the current year. The President hoped that all the countries selected by the Executive Board for assistance under the Special Programme would be receiving such assistance by early 1989.

211. Cooperation was proceeding with UNDP, FAO (especially its Investment Centre), the World Bank and the African Development Bank (AfDB).

212. Concern had been expressed with regard to disbursements and IFAD would be increasing its efforts in that connection. He stressed, however, that the disbursement picture was quite positive, particularly in view of the fact that most projects had been under implementation for only a few months.

213. The comments made by the Governor for Nigeria concerning active cooperation with the Lake Chad Commission and the Niger Basin Commission had been well taken, and the suggestion made by the Governor for Egypt concerning the Foundation for Technical Cooperation with African Countries would certainly be pursued.

214. Mr. JAZAIRY (President of the Fund) expressed his appreciation to Denmark, France and Italy for their fresh expressions of confidence in the Special Programme, demonstrated by their announcement of new contributions, and to Zaire for its pledge.

215. The Governing Council took note of the Progress Report on the Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification, endorsed the progress achieved to date thereon, expressed its appreciation to those that had already pledged contributions and encouraged Member States in a position to do so, as well as other non-Member sources, to provide additional resources so that the target of US$ 300 million might be achieved as soon as possible.

GENERAL STATEMENTS (agenda Item 5) (continued)

216. Mr. SENGHOR (Senegal) expressed particular interest in the Special Programme and in the problems of rural development and food self-sufficiency. The Special Programme had almost reached its target of US$ 300 million and had already given useful results in several African countries. The international community had recognised that absolute priority must be given to Africa in view of the exceptional difficulties confronted by its peoples, and the Special Programme represented the first step taken to implement the decisions of the United Nations. Thanks were due to all the countries which had contributed to it.

217. The problem of self-sufficiency in food was of vital importance. One of the obstacles to it in Africa was the introduction of export crops, which had disrupted local customs. Another was the constant decrease in commodity prices, leading to constantly increasing indebtedness. In 1986, debt-servicing in sub-Saharan Africa amounted to US$ 13.7 billion while new development loans totalled no more than US$ 11 billion. Indebtedness in Africa was more serious than in other Third World regions, since African countries were totally dependent on the prices of raw materials over which, unfortunately, they had no control.

218. The production of increasing quantities of export products meant that the African countries no longer worked to satisfy their own needs but exclusively to meet the conditions of the international market. South-South cooperation might improve trade with neighbouring countries but it would not free them from their dependence on the economic policies of the industrialised world. Soil depletion, drought and desertification worsened the situation. Social structures were another obstacle. The least privileged social groups were often unable to benefit from the innovations introduced by national or international organisations for the purpose of bringing about food self-sufficiency. Efforts to industrialise African countries had distracted attention from the need to develop agriculture.

219. In 1984, Senegal had set up an adjustment programme designed to restore the main macro-economic balances of the State. The new agricultural policy was intended to place Senegalese agriculture on a firmer footing. Its main aims, including food self-sufficiency, had been decided upon in consultation between the State and the producers. Every effort had been made to make the producers responsible for their own future, with the State reducing its assistance to them as and when appropriate. Progress had been encouraging.

220. The objective of food self-sufficiency and security was common to the sub-region, where the Permanent Inter-State Committee for Drought Control in the Sahelian Zone (CILSS) played an important role. A unit had recently been set up to monitor the food situation prevailing in the Sahel. In seeking solutions, it was important to secure the participation of rural peoples in the strategies to be followed and to take special measures in favour of the least privileged sectors of the population, especially women.

221. Scientific research needed to be intensified and more equitable economic international relations established between the North and the South as well as closer relations between neighbouring countries of the South. The transfer of technology to the rural districts of developing countries was also important, together with efforts to protect the environment all over the world.

222. He was ready to support the adoption of the Audited Financial Statements for 1986 and wished to congratulate the President on the efforts he had made to reduce administrative expenses in the proposed Budget of IFAD for 1988. A slowing down of financial commitments had occurred during recent years, partly due to uncertainty concerning the mobilisation of funds for the Second Replenishment. Senegal expected to fulfill its obligations concerning the Second Replenishment shortly and trusted that the Third Replenishment would proceed satisfactorily.

223. With regard to the Fund's future financial basis and structure, he suggested that consultations might be carried out at the present session and that a decision should be taken on the decisive role of the High-level Intergovernmental Committee. Some suggestions contained in its programme of work might be approved, including the idea that no action should be undertaken if likely to reduce IFAD's ability to implement its programme to combat poverty. Proposals that could generate extra resources should be studied carefully and IFAD's efforts to make the world a better place to live in must be supported.

224. In his view, the countries in Category I should take a broader view of problems and display greater flexibility. He appreciated the role played by the countries in Category II and hoped that they would continue their efforts. As for the countries in Category III, they did not expect to be at the hub of the Third Replenishment, to which they could make no more than token contributions. It seemed likely that the industrialised and oil-exporting countries would be the only donors.

225. IFAD was entering into its second decade of action. The President of the Republic of Senegal fully supported the excellent work done by the organisation and appreciated its great spirit of solidarity. Senegal would be glad to welcome the International Art Show for the End of World Hunger and would transmit any funds raised on that occasion to IFAD for its Special Programme.

226. In conclusion, he expressed the hope that a spirit of harmony would prevail among all the peoples of the world and that they would learn to live together in a climate of peace and understanding.

227. The meeting rose at 1.10 p.m.

(v) Summary Record of the Fifth Meeting held on Wednesday, 27 January 1988, at 3.00 p.m. in Rome, Italy

Chairman : Mr. BRAKS (The Netherlands)
later : Mr. CHUULA (Zambia)

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228. The meeting was called to order at 3.35 p.m.

AUDITED FINANCIAL STATEMENTS OF IFAD - 31 DECEMBER 1986 (agenda item 6) (GC 11/L.2)

229. Mr. BROWN (Vice-President of the Fund) introduced the Financial Statements of IFAD for 1986 and the report of the External Auditor thereon (GC 11/L.2). The financial statements had been examined in detail by the Audit Committee and, on the basis of its recommendations, the Executive Board had submitted them to the Governing Council for approval.

230. With regard to the 1986 Budget, despite the substantial decline in the value of the United States Dollar against the Italian Lira, expenditure had been held to approximately US$ 23 million, US$ 4 million below budget level, without resort to the Contingency. On the other hand, the depreciation of the dollar against the other major currencies in 1986 had helped to increase the dollar value of IFAD's investment income for the year because of the Fund's policy of maintaining investment in Special Drawing Right (SDR) basket currencies. The effect of that, combined with the reinvestment of interest income, had produced an increase of approximately US$ 9 million in the value of IFAD's investment portfolio. Exchange rate movements had also contributed to an increase of approximately US$ 2 million in loan income for the year. The overall effect of exchange rate movements on the dollar value of the Fund's assets was shown by the increase in the Exchange Adjustment Account from a negative figure of US$ 52 million at the end of 1985 to a positive figure of US$ 129 million at the end of 1986, an increase that had continued in 1987.

231. A pilot programme of bond trading in investment assets, begun in 1986, had led to a gain in resources of approximately US$ 1 million. The programme had continued into 1987 and had proved sufficiently positive for the Executive Board to approve bond trading, within carefully defined parameters to avoid speculative action, as a regular part of the Fund's investment policy.

232. The report of the External Auditor noted certain amounts outstanding from some Members, but concluded that they had been prudently dealt with by the Fund and that the financial statements gave a true and fair view of the state of the Fund's financial affairs.

233. The CHAIRMAN invited the Council to adopt the decision in paragraph 10 of document GC 11/L.2.

234. The decision was adopted.

PROPOSED BUDGET OF IFAD FOR 1988 (agenda item 7) (GC 11/L.3 and Add.1)

235. The CHAIRMAN said that the proposed Budget of IFAD for 1988 (document GC 11/L.3), reviewed by the Executive Board at its Thirty-First Session and recommended for the approval of the Governing Council, was in the amount of US$ 32 197 000 plus a contingency of US$ 500 000. An addendum to the budget submission (document GC 11/L.3/Add.1) concerned the recalculation of the Budget of IFAD for 1988 at the International Monetary Fund (IMF) prevailing rate of exchange of Italian Lire 1 230 to the United States Dollar. Accordingly, the total amount proposed for the Budget of IFAD for 1988 was US$ 34 494 000 plus a contingency of US$ 500 000.

236. Mr. BROWN (Vice-President of the Fund) said that, at its Thirty-First Session, the Executive Board had approved IFAD's Programme of Work for 1988 in an amount of SDR 190 million for loans and SDR 10 million for technical assistance grants. The Executive Board had endorsed a recommendation by the President that certain project-related costs and services to Member Governments should be financed through the Programme of Work rather than the Budget. The Programme of Work approved by the Board therefore included an additional US$ 2.6 million for those activities. However, in order to have comparative figures for the Council's consideration, all costs in the Budget for 1987 had been shown alongside the expected expenditures for 1988. Calculated at what was then the operative exchange rate of Italian Lire 1 384 to the United States Dollar, the Budget in the amount of US$ 32.7 million and project-related costs and services to Member Governments in the amount of US$ 2.6 million gave estimated total costs for 1988 of US$ 35.3 million. Those were the figures set out in Table 3 of document GC 11/L.3. The expected but small increase of US$ 65 000 over 1987 was due solely to the need to plan for meetings of both the High-level Intergovernmental Committee and the Consultation on the Third Replenishment of IFAD's Resources. The real value of 1988 administrative costs was in fact somewhat lower than that of the 1985 Budget, a clear indication of the efforts made to minimise costs and ensure that the maximum resources were devoted to the Fund's loan and grant operations.

237. The new Management Information System (MIS), designed to replace the outmoded minicomputer operation, was a key initiative catered for in the 1988 Budget. The MIS would enable the Fund to strengthen its accounting and investment systems while providing greater capacity to use information and statistical data for project planning and monitoring. It would take a few years to develop but would save much cost and labour. The Budget also proposed some increases in authorised staffing; some were associated with the MIS and the remainder simply regularised the employment status of certain persons long associated with the Fund but engaged under temporary arrangements with few benefits and little security. Except for the MIS positions, the increases would mean virtually no additional expenditure since they represented services already paid for in the form of temporary arrangements. Altogether eight new professional positions were involved, bringing the total professional strength to 92; general service staff would rise by 13 positions to 119.

238. In his Statement the President had highlighted two major elements in the Budget, namely, costs associated with programme development and costs associated with loan implementation and administration. The President would continue to exercise stringent austerity over project development costs. Loan supervision and administration costs would increase in future years with the growth in the number of loans under implementation and in repayment, but would be more than offset by the receipt of service charges.

239. Mr. BULA HOYOS (Colombia) expressed disapproval at the view in paragraph 44 of the budget submission that the Fund, in line with other international organisations, should adopt a policy of zero or below zero growth. The developing countries had consistently expressed their strong opposition to that idea and it was particularly inappropriate in IFAD in view of its mandate and target group. On the other hand, he approved the concept of allocating to the Programme of Work certain expenses which

concerned project-related services to Member Governments. He also supported the initiation of a monitoring and evaluation programme tailored to the needs of Member Governments. Given that technical assistance grants would be restricted to 5% of the Programme of Work, it would be best at present not to make any research grants without rigorous selection of the projects involved.

240. He recognised that the staffing proposals were justified, but authorisation of staff increases should not be interpreted as reflecting satisfaction at the level of the Second Replenishment. It had been unsatisfactory and the future financial status of the Fund was still uncertain. As Latin America was poorly represented in senior professional posts in international organisations, he particularly welcomed the appointment of Mr. Enrique ter Horst of Venezuela as an Assistant President. The proposed allocation of US$ 2.6 million for project-related activities and services to Member Countries was very low in relation to the number of beneficiary countries. Also, only 46% of the Programme of Work for 1987 had been committed. That figure should be improved in 1988. Subject to those observations he approved the budget proposals.

241. Mr. AMISI (Kenya) asked whether it would be possible for the Council to receive a clear statement of the ratio of staff and administration costs to project development costs, in order to enable it to assess whether the Fund's resources were being properly used for its main purpose, namely, the alleviation of poverty.

242. Mr. ABDELHADI (Tunisia) also expressed concern at the low level of commitment in 1987 and wondered whether the SDR 200 million proposed for 1988 was a realistic figure or merely a target. The Programme of Work for 1988 was below the level that developing countries had hoped for, particularly since data of the Food and Agriculture Organization of the United Nations (FAO) indicated a possible need for emergency food programmes, which would require an additional effort on the part of IFAD.

243. Mr. BROWN (Vice-President of the Fund) said that the management considered that the SDR 200 million proposal was realistic. There were sufficient projects in the pipeline to ensure that it was fully implemented. If that sum was exceeded the management could always apply to the Executive Board for additional resources. Actual commitment in 1987 had been approximately SDR 180 million, including SDR 53 million under the Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification (Special Programme). He agreed that the shortfall in 1987 was regrettable and explained that it had been due to the deceleration in activities engendered by disappointment at the level of the Second Replenishment. There had also been unexpected delays in preparing certain projects for implementation.

244. Austerity measures related exclusively to overhead costs and not to projects. He welcomed the comment about evaluation and agreed that the evaluation measures should be used to assist Governments to develop their own monitoring and evaluation capacity. Evaluation would be strengthened in the future. The Executive Board and the management closely supervised the Fund's activities in order to ensure that they concentrated on the objectives laid down in its mandate.

245. He was gratified at the support expressed for the proposed staff increases, which would improve the Fund's efficiency. They had been necessary long before the Second Replenishment but had been postponed because of uncertainties regarding finance. The graph on page 3 of document GC 11/L.3 showed the relationship between implementation costs and income. Some project development costs were similar to those in the Programme of Work and had therefore been transferred to it from the Budget. Staff costs for 1988 were estimated at approximately US$ 14 million, equivalent to approximately one third of programme expenditure. However, it was important to remember that more than 50% of those costs were directly related to project development and time spent on existing and future projects, loans and grants.

246. Mr. SAINTRAINT (Belgium) said that many members of the Council were legitimately concerned at the fact that resource commitment in 1987 had been less than 50% of the budget allocation. He was relieved to hear that the Vice-President was confident that the goals set for 1988 were achievable. He commended the management on its efforts to keep administration costs to the minimum and requested more detailed information on the precise composition of operational costs.

247. Mr. ARIZA HIDALGO (Cuba) said that while it was important to keep a close eye on administrative costs, there was no waste of resources in IFAD. Austerity measures were imposed on it from outside, a situation that must be of concern to the Council. The Executive Board had authorised a trial period of one year for the evaluation exercise. However, he did not think that at a time when resources were scarce, funds that could be used on projects should be allocated instead to ex post evaluation. He urged that the evaluation measures be postponed in view of the significant costs they involved.

248. Mr. BROWN (Vice-President of the Fund) pointed out that as the evaluation measures had been decided by the Executive Board after it had approved the Budget, it had been necessary to state their budgetary implications. It was hoped that the expenditure involved could be met from savings without recourse to the contingency.

249. The CHAIRMAN invited the Governing Council to adopt the draft resolution on the Budget of IFAD for 1988 contained in document GC 11/L.3, as amended by the recalculation referred to in document GC 11/L.3/Add.1.

250. Resolution 47/XI was adopted.

251. Mr. Chuula (Zambia) took the Chair.

SPECIAL MESSAGES FROM HEADS OF STATE AND HEADS OF GOVERNMENT RECEIVED ON THE OCCASION OF THE TENTH ANNIVERSARY CELEBRATIONS OF IFAD (continued)*

252. Mr. JAZAIRY (President of the Fund) read out a special message from His Majesty Fahd bin Abdelaziz Al Saud, King of Saudi Arabia.

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* The text of this message is included in Chapter 5 of this Report.

GENERAL STATEMENTS (agenda item 5) (continued)

253. Mr. TESHIMA (Japan) said that since its establishment IFAD had earned a worldwide reputation for promoting agricultural cooperation. A gradual improvement had occurred recently in the food situation in developing countries as a whole but their food shortage and rural poverty problems, especially in sub-Saharan Africa, remained acute. Assistance from international institutions and bilateral donors was indispensable, not to speak of the self-help efforts of each developing country. In that respect, IFAD had played and would continue to play an especially significant role.

254. Since the beginning of the 1980s, differences between developing countries at the same stage of economic development had become increasingly evident. It had been generally recognised that assistance to a developing country should be given in the light of careful consideration of the stage which its development had reached. Two big issues had to be faced if IFAD was to continue and expand its unique grassroots activities aimed at improving the nutritional level and food production of the poorest people of the poorest countries: how to use its limited resources effectively, and what to do to strengthen its financial basis. According to the Development Assistance Committee (DAC), the annual rate of increase of Official Development Assistance (ODA) of the DAC countries in real terms was unlikely to exceed 2% for some while. It was therefore vital for the future of IFAD to determine how its limited resources should be used. He was gratified to note that it was making even greater efforts to seek projects with high development effects. The loans and grants made by IFAD had decreased in real terms year by year from the peak they had reached in 1981, but the need for IFAD to support the agricultural sector of developing countries remained strong. His country therefore hoped that agreement would be reached at the current session on beginning negotiations for the Third Replenishment and that they would be brought to a successful conclusion as soon as possible.

255. Mr. HUANG (China) said that the establishment of IFAD had reflected the political will of the international community to cooperate in order to combat hunger and poverty. In the decade which had passed the Fund had made a good beginning towards achieving its objectives of supporting the food and agricultural production of developing countries and eliminating poverty and malnutrition. It had opened up a new channel of international cooperation in the field of food and agriculture which represented a meaningful attempt at establishing a new international economic order.

256. During that decade, and particularly since 1980, profound changes had occurred in international economic relations. The economies of the developed countries had been growing at a slower rate, adverse external conditions caused many developing countries serious economic difficulties, and the gap between North and South had widened. Growth in the developing countries had also slowed. Some of them were again facing food shortages, the number of hungry and malnourished people was increasing, the external resources devoted to agricultural development were declining, and growing protectionism had reduced international markets for the agricultural commodities of many developing countries. The world economy had become an interdependent whole. Where food and agriculture were concerned, national development could not be achieved in isolation. In the same way as the economic development of developed countries needed the developing

countries, the agricultural progress of the developing countries required the substantial support of developed countries and international organisations.

257. China regarded steady agricultural growth and the improvement of the rural economic structure as the basis for the long-term development of its economy. Much progress had been made since rural reforms had been implemented in China nine years ago. The rural economy and the living standards of farmers had improved considerably. The main task in the second phase of the reforms was to modify the traditional system of unified purchase and marketing of agricultural commodities and to develop a commodity economy involving coordinated development and market regulation. To ensure the livelihood of one billion people and to help the poor in the rural areas to overcome poverty, his Government had made the promotion of steady development of food and agriculture a major strategic objective. While trying to develop agricultural production and boost the rural economy, mainly by self-reliance, China would actively implement the policy of developing friendly cooperation in agriculture with other countries and with international organisations. The past seven years had seen fruitful cooperation between China and IFAD. His Government would enhance that relationship and continue its constant support of the Organisation.

258. It was gratifying to note that all three Categories had unanimously agreed in the High-level Intergovernmental Committee that the specificity of IFAD's activities and its unique charter must be maintained. China would express its views on the mechanism proposed in that respect by the Category I countries at the appropriate moment. He hoped that the relevant donor countries would commit themselves to the Third Replenishment as early as possible. That would give IFAD a stronger financial basis and enable it to make further contributions to the agricultural development of the developing countries.

259. Mr. BRAKS (The Netherlands), speaking as head of the Netherlands' delegation, said that the world food situation gave cause for grave concern. A third of the population of Africa was undernourished, in large parts of Latin America the situation was worsening and the shortage of food was increasing. In southern Asia malnutrition still affected one-fifth of the population. At the same time there was over-production of food in the industrialised world, in which a number of countries were subsidising the creation of large stocks of agricultural products which had been depressing prices on the world market for years. That situation had placed a heavy burden on the budget of exporting countries and deprived farmers in countries unable to afford subsidised exports of the chance to sell their products at profitable prices. Low world market prices might be beneficial for net importing countries in the short run, but in the long term they hampered agricultural development and impeded the implementation of policies aimed at encouraging higher farm production. In developing countries, rural prosperity depended to a large extent on higher and stable prices for farm products. The liberalisation of trade in agricultural products would bring about more stable prices, and in that lay the interest of the Uruguay Round of Trade Negotiations.

260. Although the situation was clearly different for each country, a number of identifiable problems required solution before food security could be achieved. Firstly, a population policy should be developed.

Secondly, the production of domestic food crops by means of apropriate technology should be promoted. Thirdly, the crucial role played by women in both the production of local food crops and the implementation of a population policy should be recognised. Lastly, the organisation of the food market should be improved. All those matters had a direct bearing on the level of food security of a country, without which the structural battle against poverty could not be won.

261. The Netherlands had emphasised on several occasions the need for IFAD to develop a specific policy aimed at the role of women in development. He looked forward to proposals being made in that respect. He fully supported the Executive Board's decision to establish an Evaluation Committee which would strengthen procedures to guarantee the quality of IFAD's programme. It would also help to increase knowledge of the special features of IFAD's operations.

262. The importance of structural adjustment had been recognised by both developed and developing countries. In particular, it implied new opportunities for smallholders and the rural poor. He fully supported IFAD's policy of programming complementary projects to alleviate the short-term negative effects of structural adjustment. Since structural adjustment programmes were generally initiated with the assistance of the World Bank, close coordination and continuous dialogue with it and with other donors was required. IFAD was well equipped to pay special attention to the social and human dimension of such programmes.

263. He felt that the recommendations of the High-level Intergovernmental Committee might be considered as a framework for negotiations on the Third Replenishment. Those negotiations would be crucial for the future of IFAD. He appealed to all donor countries to enter the Third Replenishment negotiations with the highest sense of commitment. The Netherlands had been and still was a strong supporter of IFAD and would participate in the negotiations in a constructive and flexible manner.

264. Mr. AL-SHEIKH (Saudi Arabia) said that the decline in world economic development and its effect on the developing countries had been discussed at length in many international forums. No improvement in the situation could be foreseen and the possibility of another world recession meant that all countries should take steps to increase their growth rate and maintain stability in trade. Developing countries should adopt self-reliance policies to enable them to use their resources and exploit their human potential to the full. Saudi Arabia had adopted policies enabling it to become self-sufficient in wheat, dates, fish, eggs, dairy products and vegetables; it was even able to export surpluses to developing and developed countries.

265. The President's Statement enabled the Council to face the future with a certain amount of confidence but it was necessary to redouble the Fund's efforts to give more stablity to beneficiary groups. With regard to the preliminary findings of the High-level Intergovernmental Committee, he suggested that the Fund should concentrate on loans and that its resources should be increased so as to extend its activities in that field. It was important to develop more cofinancing ventures. He endorsed the Committee's recommendation to set up a Consultation to discuss all aspects of the Third Replenishment of IFAD's Resources. Members of IFAD should

take account of the economic situation of Category II and Category III Members, and in particular the special situation of the members of the Organization for Petroleum Exporting Countries (OPEC).

266. In general, he approved the Programme of Work and Budget of IFAD for 1988. It would be helpful if IFAD's experts developed closer links with other financial institutions. He supported the proposal to increase the number of special programming missions and he urged donor countries to adopt more flexible policies with regard to recipient countries.

267. Mr. RUTANEN (Finland), speaking on behalf of the Nordic countries in IFAD, said that the Fund had been created as a result of the recognition of the need for a new approach to development assistance and as a new model of cooperation between traditional donor countries and developing countries in a position to contribute to that assistance. Its activities had concentrated on the needs of the rural poor. Lending had mainly been directed to low income food-deficit countries and the fastest-disbursable loans had been made to the neediest and poorest of them. A built-in monitoring and evaluation system for project implementation had enabled IFAD to eliminate constraints in project design and implementation which might be a hindrance to achieving targets.

268. Better management of the environment was an important factor in development. Referring to the resolution adopted by the United Nations General Assembly in December 1987 on the implementation of the recommendations put forward by the World Commission on Environment and Development - the Brundtland Commission - in its report entitled "Our Common Future", he said that the chief message of the report was that the environmental crisis could only be overcome by a comprehensive programme for growth and sustainable development. The report's analysis as well as its recommendations should be a guide for all Governments and international organisations. A crucial aspect of the report was that economic development, previously often regarded as a danger to the environment, now had environmental effects which threatened development itself. It was of paramount importance that financial institutions should be more fully committed to policies of sustainable development. He requested IFAD to review its activities in that respect and report on proposed measures to promote sustainable development to the Executive Board with a view to a decision on the subject by the Governing Council at its Twelfth Session. He looked forward with interest to the International Consultation to be held in Algeria in June 1988 on poverty and the environment.

269. He expressed the Nordic countries' continued support of IFAD and their hope that all Member Countries in a position to do so would provide it with adequate funds. The level of the Third Replenishment must be sufficient to finance a reasonable and cost-effective work programme, which must be financed from core funding in order to avoid the need for separate arrangements. Had the Second Replenishment been sufficient, a great deal of extra work could have been avoided. It was to be hoped that all donors would respect their obligations regarding the Second Replenishment, and that negotiations for the Third Replenishment could be initiated speedily. He thanked the High-level Intergovernmental Committee for its efforts to clarify the basis for future funding.

270. The Nordic countries urged that those special features of IFAD which had made its achievements possible should be preserved. They were, firstly, its unique joint financing structure, with the roles of donors and beneficiaries overlapping; secondly, its grassroots orientation, with the neediest countries, especially those in Africa, being its main beneficiaries; and, thirdly, its working methods, namely its concentration on training trainers and helping people to discover self-help, its cooperation with other development financing institutions and development agencies, and its monitoring and evaluation activities and contacts with the scientific world.

271. The Special Programme was one of IFAD's central activities. It should become an integral part of IFAD's regular activities, especially in view of the apparent inevitability of drought in Africa and hence of its economic and ecological consequences. Furthermore, IFAD should create even more opportunities for women and women's groups to benefit from the Fund's credit programme. The idea of launching an International Women's Credit Programme was a laudable initiative. He commended IFAD for its intention to increase the Fund's focus on environmental issues, agreeing that the rural poor were better motivated to take care of their environment if they were aware of their own stake in local ecology. Greater emphasis should be placed on the agro-forestry projects needed to avoid the catastrophic results of environmental destruction.

272. Food security was the first step towards ensuring access to productive work, income and self-reliance - a process which was also the key to income stimulation, increased productivity and exchange of products, and ultimately meant an increase in the purchasing power of the Third World. IFAD had a role to play in that process, and it was to be hoped that the financial difficulties witnessed by the Fund at a time when it was most badly needed would be overcome in the following year.

273. Mr. KURTH (the Federal Republic of Germany) joined in the tributes paid to IFAD by many eminent personalities on the occasion of its Tenth Anniversary. The Annual Report 1987 and the President's Statement gave a comprehensive picture of past achievements and future prospects and provided grounds for some satisfaction. However, despite encouraging developments and innovative approaches, the overall economic environment in which IFAD was operating continued to be insecure. In addition, the critical situation in many countries of sub-Saharan Africa called for additional efforts by the donor community. His Government was among those responding actively to that situation, recognising the considerable efforts made in many African countries to introduce policies designed to promote food self-sufficiency. The Fund could play a useful role by participating in efforts to alleviate the social costs of adjustment processes.

274. Particularly gratifying was the Fund's determination to do more with scarcer resources, a valid objective for all multilateral or bilateral development programmes. However, its special approach to rural development required a minimum level of resources so that it could use the seed money effectively in cooperation with as many other organisations as possible. Cofinancing was a key tool in that and available resources should therefore be broken down into more particularised contributions to a growing number of projects. The lessening of IFAD's share in total

project costs was acceptable as long as the project itself retained IFAD's special imprint. The creation of the Evaluation Committee was a welcome development in that regard.

275. IFAD's unique focus on poverty alleviation should be strengthened. His Government was seeking to cofinance an increasing number of projects with IFAD and had become its largest bilateral cofinancier. He appreciated the fact that joint projects with other international organisations, especially those initiated by IFAD, were increasing in number. He expressed satisfaction with IFAD's effort to improve the role of women in development and to concern itself with environmental issues and he strongly supported all endeavours to intensify cooperation with non-governmental organisations (NGOs).

276. In recognition of IFAD's special role and potential, his Government had paid particular attention to moves to provide IFAD with a more stable financial basis and generate an adequate volume of resources for it. The report of the High-level Intergovernmental Committee had been seen as both encouraging and disappointing. What was still lacking was for all categories to make a firm commitment - and a financial one - to IFAD's task. The basic principles on which the Fund had been established must be retained, even if some flexibility was ultimately introduced in the arrangements. Such flexibility had been shown by Category I countries in the past and flexible approaches to the problem of burden-sharing were contained in the Committee's report. He sincerely hoped that the principle of sharing the burden of financing the Fund basically between Categories I and II, combined with the equal distribution of voting rights among all categories, could be maintained.

277. He therefore urged all Member States to engage in a joint effort to mobilise resources commensurate with their strong moral commitment to IFAD, thus effectively dispelling any doubt that gradually decreasing replenishment levels for the Fund might no longer justify its existence as a separate organisation. He was confident that the replenishment negotiations would be completed rapidly. The High-level Intergovernmental Committee should not hold parallel meetings but should wait for the outcome of the negotiation process. In conclusion, his Government pledged its continued full support for the Fund in its endeavours to help those most in need.

278. Mr. ABU AFFAN (The Sudan) said that IFAD had earned a world-wide reputation for its successful approach to alleviating hunger and rural poverty in the past decade. He welcomed the comprehensive information provided in the *Annual Report 1987*. In many cases, drought and desertification were symptoms rather than root causes of the complex problems facing developing countries. Those causes included the legacy of colonisation, wars, other conflicts, indebtedness and poverty, all of which were worsened by the global economic situation.

279. IFAD was responding appropriately to the developing countries' aspirations for all-round development by taking into account social and environmental factors and beginning its work at the grassroots level. The Fund had demonstrated its operational capacity by responding to the crisis in sub-Saharan Africa through its Special Programme. He hoped that the Special Programme's resources would be replenished through cofinancing and grant-in-aid arrangements as proof of the will of the world community to

help Africa emerge from poverty. Further and better-coordinated efforts made by donor countries through multilateral channels were needed to achieve that. The Special Programme had demonstrated that food production must be increased in order to keep abreast of population growth; even in countries like his own, which had succeeded in attaining acceptable average levels of food production, disaster still threatened in some areas and people needed help in meeting their most elementary needs.

280. It was a matter of concern that at a time of growing need IFAD was facing a difficult situation. He trusted that the Council would find means of increasing the Fund's resources. In The Sudan, measures had been taken to raise food production but the domestic situation was worsened by external factors such as higher input prices, external debt and debt servicing costs and the stagnation of foreign aid and investment. Since his country still needed greater food self-sufficiency, it was grateful to IFAD for sending it a special programming mission, which would be of decisive importance in The Sudan's development. The Fund was a very important forum for dialogue which helped countries like his own to meet the critical challenges facing them.

281. Mr. GOBIR (Nigeria) said that IFAD had covered much ground since its creation in 1977 and its performance was a testimony to the success of a unique cooperation between the members of OPEC and the Organisation for Economic Cooperation and Development (OECD) which had joined in its foundation. The Fund's target groups were being reached through 200 or so approved projects and steady progress was being made in generating agricultural and rural development. However, adverse circumstances, referred to by other speakers, continued to affect the African continent and called for redoubled efforts by all Members of IFAD in order to sustain the attainment of the Fund's objectives. Nigeria wished to commend the Governments of France, Italy and The Netherlands for promising to increase their financial contributions to the Special Programme. It was to be hoped that a more positive, flexible and cooperative approach to the issue of the Third Replenishment would be adopted by all Member Countries. On that issue and on the work of the High-level Intergovernmental Committee, the suggestion of the Governor for France that organised intergovernmental contact should replace group meetings was worth exploring. There was no doubt that the economic circumstances of the OPEC countries had changed significantly in relation to those of countries in Categories I and III.

282. Nigeria's problems were very real; they included the effects of drought and desertification, the need to accommodate across-the-border movements of food to neighbouring countries, price instability on the world commodity market and growing protectionism by developed countries. For reasons such as those the Category II countries were calling on other Members of IFAD to take account of their changed circumstances when discussing a framework for the Third Replenishment. The situation of Category II countries should not be exploited to the detriment of IFAD and, in particular, of the poor and landless beneficiaries of IFAD programmes. Concerted efforts by all Member Countries were needed to move IFAD's programmes ahead.

283. Because of the growing debt burden of recipient countries, his delegation recommended a cautious approach to the suggestion that the Fund's lending conditions should be reviewed with the aim of making loans generate more resources for the future.

284. He shared the view that many of the older international financial institutions had lessons to learn from IFAD on resource management and the channelling of loan proceeds to beneficiaries. As the number of the Fund's projects and its expenditure increased, IFAD could not avoid increases in personnel and resources for loan and project administration, and project monitoring and evaluation. The establishment of an Evaluation Committee would no doubt bring improvements in performance, although the Committee's work would be only an *ex post facto* exercise and ultimately IFAD would need some field presence for close monitoring of projects during implementation. He concluded by welcoming Trinidad and Tobago as a Member of the Fund.

285. *The meeting rose at 6.10 p.m.*

(vi) Summary Record of the Sixth Meeting held on Thursday, 28 January 1988, at 9.30 a.m. in Rome, Italy

Chairman : Mr. SAID (the Libyan Arab Jamahiriya)

	Paragraphs
Ceremony for the Presentation of Awards to Members of IFAD Staff	287 - 289
Special Messages from Heads of State and Heads of Government Received on the Occasion of the Tenth Anniversary Celebrations of IFAD (continued)	290 - 291
Report on the Tenth Anniversary Celebrations of IFAD (agenda item 13)	292 - 295
General Statements (agenda item 5) (continued)	296 - 345
- India	296 - 300
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- Venezuela	332 - 339
- Belgium	340 - 343
- Greece	344 - 345

286. The meeting was called to order at 10.15 a.m.

CEREMONY FOR THE PRESENTATION OF AWARDS TO MEMBERS OF IFAD STAFF

287. Mr. JAZAIRY (President of the Fund) said that in many cases the staff members being honoured at the present ceremony had worked for the Preparatory Commission which had lead to the formation of IFAD. It was an indication of their loyalty and dedication that they had been with the Fund from the very beginning. They had indeed laid the foundations of the Institution.

288. In future, the awards would be presented annually at a ceremony in IFAD's own building in the presence of the entire staff but, as IFAD's Tenth Anniversary was also the tenth anniversary of their employment with the Fund, he invited the Governing Council to join him in offering congratulations to the staff members concerned.

289. The staff members listed below received Ten-Year Service Awards:

Mr. Renato Angeloni
Mr. Sergio Apollonio
Mr. Samir Asmar
Ms. Mavis Blaney-Tonietti
Mr. Guerrino Borgese
Ms. Mary Brocklesby
Ms. Daniela Capitani-Marocco
Ms. Viviane Di Majo
Ms. Margaret Duncan
Ms. Malak El-Kattan-Autore
Ms. Maria-Claudia Fontana-Morsani
Ms. Antonella Foti-McGhie
Mr. Nicola Gentile
Ms. Worke Fesseha-Gerressu
Ms. Karen Gimona
Mr. Bahman Mansuri
Ms. Cristina Moro
Mr. Gordon Munson
Mr. Mohammed Nawaz
Ms. Kate Newell
Mr. Paolo Pace
Ms. Ava Robino
Mr. Jean-Claude Scalavino
Mr. Seiji Shindo
Mr. Alex Simansky
Ms. Vanda Timpanaro-Perrotta
Mr. Vincenzo Valentini

SPECIAL MESSAGES FROM HEADS OF STATE AND HEADS OF GOVERNMENT RECEIVED ON THE OCCASION OF THE TENTH ANNIVERSARY CELEBRATIONS OF IFAD (continued)*

290. Mr. TER HORST (Assistant President, General Affairs Department) read out special messages from His Excellency José Sarney, President of the Federative Republic of Brazil, His Excellency Dr. Víctor Paz Estenssoro, Constitutional President of the Republic of Bolivia, and His Excellency Carlos Andrés Pérez, former President of the Republic of Venezuela.

291. The CHAIRMAN expressed appreciation for the messages which constituted an affirmation of support for IFAD and its President.

REPORT ON THE TENTH ANNIVERSARY CELEBRATIONS OF IFAD (agenda item 13) (GC 11/L.10)

292. Mr. HARMS (Secretary of the Fund) introduced document GC 11/L.10, which contained a progress report on the activities already implemented in conjunction with IFAD's Tenth Anniversary and those planned for 1988. The report on the International Consultation on Strengthening National Wheat and Rice Research Systems and the Agenda for Action prepared by the

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* The texts of these messages are included in Chapter 5 of this Report.

International Panel on Investment Strategies to Combat Rural Poverty were now available. The findings of the Panel were of particular relevance to IFAD's future activities in Latin America and the Caribbean, where the Fund would sharpen its focus on the pockets of rural poverty in the region while maintaining its strategy of investing in integrated agriculture and rural development programmes. The experience gained in protecting the rural poor in sub-Saharan Africa from the adverse impact of structural adjustment measures would also be used in Latin America and the Caribbean. Furthermore, the development of micro-rural enterprises had been identified as a potential new area for IFAD's intervention.

293. Mr. BULA HOYOS (Colombia) expressed his appreciation for IFAD's work which had led to a top-level meeting in Bogota but regretted that, although the matter had been mooted at the Tenth Session of the Governing Council, no local organisers or beneficiaries of IFAD projects had been invited to the Tenth Anniversary celebrations. He stressed that the small sum of money required would have been well spent on that activity rather than on producing certain documents, in English only, for the information of the Governing Council.

294. Mr. JAZAIRY (President of the Fund) explained that he had given an assurance that none of IFAD's resources would be used to fund Tenth Anniversary celebrations and that no offers had been received to finance the activity mentioned by the Governor for Colombia nor, indeed, to produce a small illustrated booklet for schools as suggested. It was not yet too late for the booklet to be commissioned and he would welcome any financial assistance for that purpose.

295. The Governing Council took note of the Report on the Tenth Anniversary Celebrations of IFAD.

GENERAL STATEMENTS (agenda item 5) (continued)

296. Mr. GEETHAKRISHNAN (India) recalled the special message sent to IFAD by the Prime Minister of India and read out a message of congratulations from his country's Finance Minister. Together, the two messages testified to India's faith in IFAD's objectives and its appreciation of the work done by the Fund in translating them into action. India was proud to participate in the framework of cooperation with Member States which had rendered that possible. Considerable credit for the Fund's success during its ten years of existence lay with its President, Mr. Jazairy.

297. The harshness of the current international economic environment had accentuated the relevance of institutions such as IFAD, while natural calamities had further compounded the miseries of many developing countries. Of particular concern was the stagnation in lending flows and official development assistance, leading to staggering burdens of debt servicing for the developing countries.

298. The Fund's Tenth Anniversary celebrations provided a valuable opportunity for introspection and he urged a rededication to the objectives which had led to the foundation of IFAD, with a stronger commitment to multilateralism and an enhancement of the institution's

role. IFAD would have to be provided with the necessary resources and the Third Replenishment afforded an excellent opportunity for all States to respond in accordance with their means. Category I and Category II countries had a special responsibility in those efforts and he appealed to them to do their utmost to raise the real level of IFAD's resources.

299. While being aware that Category III countries had also been urged to contribute liberally, as the first building block in the next Replenishment, he stressed that although they would respond as positively as possible, within the limitations of their fledgling economies, it had to be realised that their efforts were, at best, only a token of their good intentions.

300. Despite the extremely serious drought in India, it had been possible to avert a major tragedy and keep human suffering to a minimum because, over the years, agricultural production had been improved and increased so that the surpluses in good years could counteract deficits in poor ones. The strategy and associated activities adopted in India could be of great relevance to other countries in similar situations. His country would therefore be only too willing to cooperate to that end with IFAD.

301. Mr. BUIST (United Kingdom) said that IFAD's Tenth Anniversary was a time to reflect on its achievements and to consider how the lessons learnt could be used in the future. Although there was scope for improvement, the Fund had already earned a solid reputation and begun to tap the potential of thousands of ordinary folk engaged in production in the developing world. As rural populations rose, the Fund's work became more vital and the many messages from eminent persons testified to the common view on that score. And yet, despite the unanimously expressed support, IFAD had had to struggle for survival at times, still had to prove that it could capitalise on political goodwill more effectively than older institutions and had had its resources cut by over half in the Second Replenishment.

302. One might fear that such uncertainty sprang from doubts as to the wisdom of IFAD's unique structure but, he was relieved to note two comforting reflections: the first was that IFAD could work only through a long-term commitment among the three categories of countries, through joint ownership and joint responsibility; the second was the strong attachment of all Members to the existing structure, evinced in the High-level Intergovernmental Committtee which had insisted on a reaffirmation of the basic character of the institution, cemented by the clear readiness of Category III countries to play some part in helping to establish a satisfactory level for the Third Replenishment.

303. It was inconceivable to the United Kingdom that what Category III countries could provide should lower the contributions of either Category I or Category II; indeed, the Fund could grow only on the basis of solid core funding from all three categories, at a sustainable level, significantly higher than for the Second Replenishment. However difficult that might be, all three categories would have to increase their contributions, since reliance on one category alone was not healthy. Accordingly, he believed that the Replenishment negotiations should make use of the framework set out in paragraphs 9 and 10 of the High-level Intergovernmental Committee's report and that the negotiations should be completed before that Committee resumed its work. Furthermore, he hoped that all contributions for the Second Replenishment and earlier unpaid amounts would be fully paid in the very near future.

304. In looking at the previous year's achievements, he noted some encouraging signs in lending, although spending was at a lower level than in the previous three years, and in the progress of the Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification (Special Programme).

305. He welcomed the President's words on the environment, where the Fund - with its special insight into land use choice - could do pioneering work. But there was also the question of the economic environment and he looked forward eagerly to hearing how the conclusions of the Seminar on the Impact of Structural Adjustment on African Smallholders and the Rural Poor would be reflected in the Fund's lending policies.

306. Evaluation had been a British concern for many years and he commended the emphasis given to that topic in the Annual Report 1987, as well as the decision to set up an Evaluation Committee of the Executive Board. Recently the United Kingdom Overseas Development Administration had commissioned an independent survey which compared the evaluation systems in all the main multilateral agencies, including IFAD, and he hoped that its ideas would be useful to the Fund.

307. Finally, with respect to financial policy, he hoped that the planned Executive Board discussions would lead to the adoption of suitable procedures for the treatment of overdue loan payments so that the problem would be properly reflected in the 1988 Financial Statements. The United Kingdom also maintained its interest in the Fund's investment portfolio and its liquidity and welcomed the President's stated intention that the latter should be addressed in the High-level Intergovernmental Committee or, better still, in the Replenishment negotiations.

308. In conclusion, he made no apology for having spoken on detailed points, every one of which had a bearing on the Fund's growing maturity and competence, and thus on his confidence in IFAD. The year 1988 posed a great challenge to IFAD which must be faced with resolve. The best argument for the general commitment to IFAD was the Fund's own commitment to improving its operations and to the betterment of the millions it existed to serve.

309. Mr. AL HADITHI (Iraq) believed that the Fund, which had represented a new framework for multilateral cooperation since its inception, had gone a long way towards meeting its founders' objectives during its ten years of existence. Its efforts to combat hunger and to make loans to small farmers were much appreciated by his country. Iraq had been among the first to support IFAD and would continue to support it.

310. The economic circumstances of many countries had, of course, altered since the 1970s, and that seemed to point to the need to reconsider the structure of the Fund and the way in which the financial burden was shared among its Members. He wished to invite Member Countries in Categories I and II to increase their contributions to the Fund. He was in favour of extending the Fund's mandate and modifying loan conditions and criteria. He also supported the Fund's borrowing from financial markets and from Member Countries.

311. Iraq had made changes in the structure of its economy through a series of decrees promulgated in 1987 and aimed at phasing out state interest in the agricultural sector and encouraging private sector interest. Responsibility for a number of rural projects had thus been transferred from one to the other during the course of the previous year and encouraging results were expected. Its efforts were, of course, seriously jeopardised by the war with Iran. As His Holiness the Pope John Paul II had said, development must mean peace and peace development.

312. Mr. POWER (Canada) said that his country strongly supported the Fund's efforts to promote self-reliance among the least privileged, to improve the status of women, to ensure that beneficiary countries took part in project planning and implementation and to preserve the environment.

313. He welcomed the fact that the High-level Intergovernmental Committee which had been studying IFAD's future financial basis and structure during the past year had recommended that no proposal likely to weaken IFAD's specific and unique mandate should be accepted. He also welcomed the proposal to take into account convertible currency contributions from Category III Member Countries in future Replenishment exercises. He approved the concept of two parallel and interdependent funding elements and the idea of inter-related matching formulas.

314. Detailed negotiations for the Third Replenishment should be begun as soon as possible. It seemed amazing that an institution with so praiseworthy a mandate had such difficulty in raising the comparatively modest amount of US$ 200 to 250 million a year it needed for the next ten years. He hoped that the negotiators selected would see to it that the objective was reached rapidly and that negotiations did not drag on.

315. IFAD's first ten years of operation had certainly been difficult, so he hoped that all would work together to make the Fund a stable and reliable force for progress in the future.

316. Mr. BULA HOYOS (Colombia) said that, against the background of the need to combat absolute poverty, of a campaign against multilateralism and of IFAD's dwindling resources, his country was grateful to those States which had continued faithfully to support IFAD. He drew particular attention to the generous contributions of the Category II countries, whose economies had recently undergone drastic change, and deplored the attitude of certain Category I countries. The Category III countries had been making great efforts to come to IFAD's assistance and to show their solidarity with it. It should be realised, however, that their contributions had reached a ceiling and that they could not be expected to make any more sacrifices. If its resources were not sufficient, IFAD would lose interest for many countries, which might then turn more usefully to international or regional credit agencies.

317. IFAD must maintain and strengthen its universal character. The countries of his own region, like many others, continued to need its assistance. Their immense foreign debts and the high cost of debt-servicing clearly showed that need. It was obvious that IFAD's future depended on the attitude of the Category I countries whose economic policies maintained the countries of the Third World in poverty. It was on the political will of those countries that the future of the Fund depended, and they should not impose conditions on the countries in other Categories.

318. He therefore wished to call once more on the industrialised countries, many of which had constantly supported IFAD, to shoulder their responsibilities. His Government believed that IFAD had ensured its survival by its own efforts and wished to request the international community to assist it in its valuable activities to enable small farmers in the Third World to achieve self-sufficiency in food.

319. His Holiness the Pope John Paul II and the President of the Council of Ministers of the Italian Republic had highlighted the interdependence of all nations. His country believed that current inequitable conditions could not prevail indefinitely. IFAD must continue to come to the assistance of those millions of human beings who suffered from hunger and malnutrition in the Third World while others prospered in the developed world. Radical changes alone could preserve peace and ensure the progress of humanity as a whole.

320. Mr. AMISI (Kenya) pointed out that hunger and malnutrition could not be eliminated simply by supplying food aid, but must be tackled through efforts to increase food production and to improve living standards in poor rural communities. It had been understood when the Fund was established that support for it was a moral obligation and that the developed and developing countries endowed with natural resources would help the least developed to initiate a process of growth. Today many developing countries were still struggling to survive, held back by severe handicaps of different sorts.

321. The sub-Saharan African countries were suffering from serious food shortages, recurrent droughts, desertification and a constantly increasing population. Peace and social justice in the region were preconditions for economic and social development. International assistance to it should be given the highest priority.

322. He had been concerned to note the problems encountered in connection with the Third Replenishment and hoped that the OECD and OPEC countries would continue to act generously towards IFAD. The principles that underlay the establishment of IFAD should be maintained, but it might be appropriate to arrange for some Members of Category III to move into Category II and for other Category III Members to increase their contributions in convertible currencies. He wished to appeal to those Category III Members in a position to do so to increase their contributions to IFAD, without such an increase being viewed as an obligation or as a precondition for the efforts of the other two categories. In particular, he hoped that Category I Members would continue to provide financial support to IFAD without imposing new conditions.

323. He supported the suggestion that the High-level Intergovernmental Committee should continue its work and the proposal to establish a Consultation on the Third Replenishment to find a solution to the replenishment problem. Despite difficulties, his country had been making timely contributions within its pledge and would continue to do so. He hoped that no proposals likely to change the original philisophy of IFAD or to isolate it from its Members would be considered.

324. Since 1986 Kenya had been following an economic management policy designed to create employment opportunities in small urban centres and rural areas and to boost food production to meet the needs of its rapidly growing population. Heavy investment would be required and it was hoped that IFAD would be of assistance in that connection. The Government was giving high priority to increasing the country's money supply and to tackling its debt-servicing problems.

325. IFAD had helped to finance several projects in Kenya which had contributed to the development of the agricultural sector. Its financial aid had led to an increase in the flow of development resources to Kenya and its ability to cooperate with other agencies was of great value.

326. IFAD had also sent a mission to Kenya to study the arid and semi-arid regions and it was hoped that a project under the Special Programme would result. In that connection, his country warmly appreciated the generous response made by donors to the Special Programme. It believed, however, that still further assistance was required, especially as regards United Nations activities in Africa.

327. In conclusion, he said that true development could only be brought about in a climate of peace, brotherhood and unity. He hoped that the new superpower agreement on arms limitation would serve to enhance peace and that peace and development might in due course become synonomous.

328. Mr. ARIZA HIDALGO (Cuba) regretted that a satisfactory agreement had not yet been reached on IFAD's future structure and financing. IFAD was a unique organisation and the criteria that prevailed in the World Bank could not be applied to it. His delegation considered that negotiations on the Third Replenishment should begin immediately and supported the proposal by the Nordic countries regarding IFAD's medium-term and long-term financing. If countries in Categories I and II fully assumed their responsibilities in respect of IFAD's resources, beneficiary countries would be encouraged to make greater efforts to participate in IFAD's financing.

329. At a time when the role played by developing countries in international organisations was being diminished, he viewed with concern the proposal to set up an Evaluation Committee in IFAD composed of only three members from each category, particularly since the present assessment system was perfectly satisfactory.

330. The principles and precepts contained in the programme for the introduction of the new international economic order must guide the path towards development and IFAD should take into account the new framework for international economic relations desired by the developing countries.

331. It had been heartening to note that many speakers had reaffirmed the right to development, but there could be no development without peace and no peace without development.

332. Mr. PEÑALVER (Venezuela) said that the struggle against rural poverty was not easy and many of the poorest people would lose hope and give up the struggle to affirm their human and social rights if IFAD was not there to help them.

333. The 221 projects approved by IFAD would ultimately provide over 23 million tons of food annually, mainly produced by those who previously had barely survived. In most cases, the beneficiaries of such projects were involved in their planning and implementation from the outset, but it was necessary to encourage greater participation by women because they played a vital role in society in developing countries. IFAD's emphasis on participation was one of the secrets of its success and had been emulated by the World Bank.

334. IFAD's activities did not, however, take place in a vacuum, but in the context of the world economic crisis. The absence of an international economic order, disparities in the economic policies followed by industrialised countries and the serious consequences of the economic crisis affected the rural sector in the least developed countries and had a negative impact on the activities of financial institutions such as IFAD. Many of the difficulties encountered by the agricultural sector in developing countries were due to the huge subsidies paid to farmers in developed countries. The surpluses thus engendered were even invading markets in developing countries, making it impossible to develop any profitable agricultural production. In addition, the protectionist barriers resulting from international monetary disorder and national egoism further hindered agricultural development in the Third World. For developing countries, the global economic crisis had meant a massive decrease in the price of their principal exports, while the heavy burden of their external debt, together with increased protectionism in the markets of industrialised countries, had meant that the 1980s had become the Decade of Increased Under-Development rather than the Development Decade.

335. There was increasing awareness that the external debt burden was too heavy and that it was time to implement the decisions made on the organisation and functioning of a more rational and equitable new international economic order.

336. The economic crisis had not only affected predominantly agricultural countries, but also oil-exporting countries, thereby reducing their potential to assist the least developed countries. It was interesting to note that contributions to the First and Second Replenishments by Category II countries - those mainly affected by the fall in oil prices - had been US$ 450 million and US$ 184 million respectively, while the contributions of Category I countries - the principal beneficiaries of the fall in oil prices - had fallen from US$ 620 million to US$ 276 million. If other developed countries followed the example set by Category I countries such as Italy, the gap between the industrialised countries and the developing countries could be bridged.

337. In the Latin American and Caribbean region, IFAD could make an important contribution to peace and the struggle against hunger by increasing assistance to Central America. The zones of poverty existing in other areas of Latin America and the Caribbean could also benefit from the IFAD strategy.

338. With regard to the Special Programme, it had been encouraging to listen to the announcements regarding additional contributions, but his delegation believed that the sum of US$ 300 million should be considered as indicative and not as a limit.

339. Some pessimists considered that the gap between developing and developed countries could never be bridged, but he shared the view expressed by the new Director-General of the United Nations Educational, Scientific and Cultural Organization (UNESCO), Federico Mayor, that, although science and technology had created the gap, they could also close it.

340. Mr. SAINTRAINT (Belgium) said that, from the outset, Belgium had been a strong supporter of IFAD and had contributed substantially to the Fund's resources. In view of the dramatic situation prevailing in Africa, Belgium had undertaken to contribute approximately US$ 40 million to the Special Programme and was proud that its contribution had been decisive in launching it. Although the Special Programme's operations were not fundamentally different from other operations, they should perhaps have been accelerated and have concentrated to a greater extent on the poorest areas. When the Belgian Parliament had decided to set up the Belgian Survival Fund, it had naturally turned to IFAD to ensure the programme's implementation in Ethiopia, Kenya, Somalia and Uganda. Four projects were at present under way, in collaboration with various United Nations agencies and, in view of the vital role played by agriculture, it was to be regretted that the Food and Agriculture Organization of the United Nations (FAO) was not playing a greater role.

341. During the past decade, IFAD had achieved much, but he wished to draw attention to some worrying signs. Firstly, the levels of the original contributions and the First and Second Replenishments had constantly decreased. The Second Replenishment had given rise to protracted and difficult negotiations and it was to be hoped that the same would not be true for the Third Replenishment. Secondly, the ratio of disbursement caused him to wonder whether it was really IFAD's role to hold large sums of money when the Third World's needs were so great. IFAD's staff was competent and loyal, but it must not become bogged down by routine and it was time to study closely the rate of commitment and effective expenditure. Belgium was particularly concerned at the unfavourable ratio between the budget level and the Programme of Work. It considered that the volume of operations in 1987 was inadequate and did not even amount to half what had been deemed necessary by the Tenth Session of the Governing Council. The Fund was being too cautious and the policy of reduced activity was dangerous.

342. He proposed that, to avoid a repetition of the problems raised by the Second Replenishment, it should be decided that negotiations on the Third Replenishment should be concluded by mid-1988 at the latest. In addition, IFAD should study the possibility of seeking other forms of financing.

343. He concluded by calling for improved cooperation between IFAD, FAO and the World Food Programme (WFP), particularly at a time when resources were becoming scarcer.

344. Mr. FRANTZESKAKIS (Greece) stressed that IFAD's objectives were in harmony with the aims of his country. Greece was in favour of combining multilateral and bilateral aid so as to obtain optimal results from the available resources. It supported all initiatives aimed at strengthening the capacity and efficiency of multilateral institutions providing development aid and contributed to the emergency aid and development cooperation programmes of the European Communities (EC) and the United Nations system.

345. His Government was pleased to announce that Greece had decided to change from Category III to Category I. Its decision would imply closer cooperation in the Fund's activities and an important increase in its financial assistance.

346. The meeting rose at 1.00 p.m.

(vii) Summary Record of the Seventh Meeting held on Thursday, 28 January 1988, at 3.00 p.m. in Rome, Italy

Chairman : Mr. SAID (the Libyan Arab Jamahiriya)
later : Mr. TREFFERS (The Netherlands)

	Paragraphs
Report of the Chairman on the Preliminary Findings of the High-level Intergovernmental Committee on IFAD's Future Financial Basis and Structure (agenda item 10)	348 - 391
Election of Members and Alternate Members of the Executive Board (agenda item 11)	392 - 393
Report on the Status of the Headquarters Agreement (agenda item 12)	396 - 402
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- Panama	431 - 434

347. The meeting was called to order at 3.30 p.m.

REPORT OF THE CHAIRMAN ON THE PRELIMINARY FINDINGS OF THE HIGH-LEVEL INTERGOVERNMENTAL COMMITTEE ON IFAD'S FUTURE FINANCIAL BASIS AND STRUCTURE (agenda item 10) (GC 11/L.6, GC 11/L.7, and GC 11/L.8)

348. The CHAIRMAN drew the Council's attention to the three draft resolutions annexed to document GC 11/L.8 and dealing respectively with the Third Replenishment of IFAD's Resources, the mandate of the High-level Intergovernmental Committee on IFAD's Future Financial Basis and Structure and the Mobilisation and Use of Non-convertible Currency Contributions.

349. Mr. JAZAIRY (President of the Fund) introduced the Report of the Chairman on the Preliminary Findings of the High-level Intergovernmental Committee (document GC 11/L.6). The atmosphere of the Committee's meetings had been highly conducive to securing a firm financial basis for the Fund. All three categories had agreed that the specificity of the Fund's activities and its unique character should be preserved. As directed in Governing Council Resolution 45/X, the Committee had concentrated on the various proposals concerning the Third Replenishment of IFAD's Resources; also, it had exchanged views on longer-term measures concerning IFAD's future financial basis and structure. The Committee had considered, in particular, a proposal by Category I to extend, for the first time, the matching by Category I of Category II's contributions to include the convertible currency contributions of Members in Category III. Both Categories II and III had indicated that the Category I proposal might be envisaged as a possible basis for negotiations on the Third Replenishment.

350. The report on the Committee's preliminary findings reflected the various positions taken on suggestions which would have both immediate and long-term effects. At its Thirty-Second Session, the Executive Board had noted the report and forwarded it to the Council for consideration together with the three draft resolutions. The purpose of the first resolution was to set up the Consultation on the Third Replenishment of IFAD's Resources, with the representation of Category III doubled by comparison with earlier negotiations. The Consultation would submit a report on the result of its 1988 deliberations, together with any recommendations, to the Governing Council at its Twelfth Session, through the Executive Board. The purpose of the second resolution was to renew the High-level Intergovernmental Committee's mandate to continue its consideration of proposals having a longer-term impact on IFAD's future financial basis and structure. The third resolution introduced new means of facilitating the use of non-convertible currency contributions from Category III Members.

351. Securing IFAD's future financial basis in a manner which ensured that the Fund could continue its work effectively remained the most critical task of the Council over the next year. Key decisions to that effect should be adopted and implemented expeditiously.

352. Mr. SAINTRAINT (Belgium) agreed that the issue of IFAD's future financial basis and structure was crucial. The Second Replenishment had shown that its financial basis should be broadened substantially, but the High-level Intergovernmental Committee's work had been disappointing in that regard, the only positive result being the additional effort to be made by the Category I countries to match Category III countries'

convertible currency contributions. The announcement by Category II countries that they would be unable to contribute to the Fund at the same level as in the past and the unwillingness of some Category I countries to modify the financial basis and structure of the Fund augured badly for the Third Replenishment. The establishment of a technical assistance fund accounting for 12.5% of operating expenditure and of a special fund to provide about one third of total resources would be a means of placing IFAD on a firm financial basis.

353. The High-level Intergovernmental Committee might suspend work at least for the first half of 1988, and that time might be used for negotiations on the Third Replenishment, for which two well-prepared meetings should suffice.

354. Mr. GEETHAKRISHNAN (India) said that the report on the findings of the High-level Intergovernmental Committee should be seen as an interim document pending the outcome of further meetings. He would confine his comments to the draft resolution on the Mobilisation and Use of Non-convertible Currency Contributions. He agreed on the need for more effective use of those contributions but had some difficulties with the wording of the draft resolution. It suggested that IFAD was seeking the Governing Council's agreement to exclude the need for consultation with Member Countries once the resolution had been adopted. Flexibility in allocating such contributions to specific items of expenditure as agreed between IFAD and the Member Country concerned should not be construed as meaning freedom actually to spend that money without further consultation, for example, in cases where circumstances changed. A Governing Council session held in a Member Country making a non-convertible currency contribution might be such a case.

355. Secondly, the provisions of the draft resolution conflicted with legislation in force in India, whose Foreign Currency Contribution Act would require special authorisation to be sought for spending non-convertible currency contributions on institution-building. He therefore suggested that the draft resolution be referred to the High-level Intergovernmental Committee for consideration in respect of circumstances of that kind.

356. Mr. ISKIT (Turkey) expressed his appreciation of the contents of the report and said he hoped that the Committee's findings would open the way to a substantial Third Replenishment early in 1988. Should its level be lower than that of the Second Replenishment, the justification for the Fund's continuing as a separate institution would be badly weakened.

357. It had been clear from the Committee's deliberations that the only way to ensure IFAD's future financial basis was to secure proper, timely funding, not to alter IFAD's unique structure. The results of the Committee's work were relatively satisfactory. He considered Category I's proposal to be a possible basis for negotiation, although the increased participation expected from Category III should be seen only as an additional element in determining the Third Replenishment, which should be based firmly on the contributions of Categories I and II. He approved the three draft resolutions and endorsed the idea that the Intergovernmental Committee should suspend its meetings pending further progress in the Consultation on the Third Replenishment. He hoped that a timetable to that effect would be agreed upon at the current session.

358. Mr. ZALDARRIAGA (The Philippines) expressed general agreement with the contents of the report. The Fund's unique nature and mandate should be preserved; it would have no viability if it became a clone of other international financial institutions. With regard to the basis of negotiations for the Third Replenishment proposed by Category I, his delegation was concerned about the proposed linking of the contributions of Categories I and II to that of Category III by means of multipliers. If the proposal were accepted, there was a danger that IFAD's resources would be affected by external debt and balance-of-payment problems in certain countries. A mechanism designed to extract more contributions from those with limited resources was fundamentally unsound and inconsistent with the idea of constructive global adjustments. IFAD could increase its capital resources while channelling surpluses to deserving needy countries through greater flexibility in burden-sharing between Categories I and II, as suggested in Proposal VIII, set out in Annex III to document GC 11/L.6. The original burden-sharing arrangement should be modified to take account of present circumstances. All Category III countries economically in a position to do so should contribute to the Third Replenishment.

359. His delegation generally approved the draft resolution in Annex II to document GC 11/L.8. He suggested that in operative paragraph 2 the words "other views and suggestions" should be substituted for the words "other suggestions", because the Committee derived its authority from the Governing Council and must therefore take its views into account. He concluded by expressing his country's sincere gratitude to the Fund and to all donors for the projects approved for The Philippines.

360. Mr. DIALLO (Guinea) expressed agreement with India's view that the actual use of non-convertible currency contributions required consultation between IFAD and the Member concerned. In his country, the main difficulty lay in legislation concerning the Central Bank; it would, for instance, be difficult for it to transfer funds for IFAD projects to regional centres because none existed in his country. In other respects he approved the draft resolution on non-convertible currency contributions.

361. He had no basic objection to the proposal to expand the financial basis of the Fund by means of loans from the capital markets. On the subject of contributions for the Third Replenishment, he agreed that Category III countries should make a special effort to contribute. His delegation would be asking its Government to increase Guinea's contribution, but it should not be forgotten that Category III countries were intended to be beneficiaries and Category I and II countries donors. In that connection, he thanked the Fund and donors for their assistance to Guinea.

362. Mr. DE MEDICIS (Brazil) agreed that it was in IFAD's interest to enjoy maximum freedom in the use of non-convertible currency contributions, but he shared the concerns expressed by Guinea and India and found the draft resolution on the subject difficult to accept.

363. Mr. QURESHI (Pakistan) said that procedures for the use of non-convertible currency contributions must take account of national policies and conditions. He endorsed the views expressed by Brazil, Guinea and India on the subject. The draft resolution should be referred

to the High-level Intergovernmental Committee, which should be directed to identify procedures which reconciled national requirements as fully as possible with IFAD's needs; to consider the possibility of devising a system of prior consultation or consent in the process of project approval; and to define percentage limits for the use of non-convertible currency contributions in any project so that there was no pressure to use them as a substitute for potential external resources.

364. Mr. ISARANKURA (Thailand) supported the amendment to the draft resolution in Annex II to document GC 11/L.8 proposed by the The Philippines.

365. Mr. RAHMAN (Bangladesh) agreed with the comments made by India and Pakistan about national conditions being taken into account in the use of non-convertible currency contributions. The draft resolution on that point seemed to establish a definitive interpretation of the requirements of consultation and consent laid down in Article 5, Section 1(b), of the Agreement Establishing IFAD (the Agreement). He understood consultation to be an active process in which two or more parties exchanged views, whereas the proposal in the draft resolution, by deeming consultation to have taken place, gave IFAD's partner no chance to respond. He would like to have a legal opinion from the Secretariat on that point. Secondly, the draft resolution did not take account of unforeseen difficulties that might arise. The degree of latitude implicit in the draft resolution overstepped the bounds of prudence. He therefore agreed with the proposal that it should be referred to the High-level Intergovernmental Committee for consideration.

366. Mr. BULA HOYOS (Colombia) affirmed his support in principle for the three draft resolutions and welcomed increased participation by Category III countries in the proposed Consultation on the Third Replenishment. He hoped that the Third Replenishment would not prove as disappointing as its predecessor, that the Consultation would hold its first session before 31 March 1988, and that the negotiations would be completed within the first half of 1988 so that their results could be dealt with in the latter half of the year.

367. He agreed with the views expressed by India and other speakers about the use of non-convertible currency contributions. The discussion had shown that the draft resolution required modification in order to make it acceptable to all. There was no need to come to a hasty decision on the subject.

368. He endorsed the views put forward by The Philippines concerning the basis on which contributions to the Third Replenishment should be approached. Category I Member Countries possessed all the resources and should take the initiative in contributing to the Fund, instead of laying down terms to Category III countries. The expressed commitment of Category I countries to the Fund should be matched by cash in hand. He supported the amendment proposed by The Philippines to the draft resolution in Annex II to document GC 11/L.8.

369. Mr. ARIZA HIDALGO (Cuba) expressed agreement with the substance of the draft resolutions concerning the High-level Intergovernmental Committee and the Third Replenishment and with that of the report. He hoped that the Consultation on the Third Replenishment would be approved

and begin promptly. He supported the amendment proposed to operative paragraph 2 of the draft resolution in Annex II to document GC 11/L.8 and he endorsed the views of Brazil, Guinea and India concerning the draft resolution in Annex III. Article 5, Section 1(b), of the Agreement was very clear; stating that consultation with the contributing Member should be deemed to have taken place was an implicit modification of the Agreement. Such a step seemed quite unnecessary for the small sums involved. The draft resolution might be referred to the High-level Intergovernmental Committee or the Council might agree to request the Secretariat to consult with countries on the point individually.

370. Mr. OYAIDE (Nigeria) agreed with the views expressed by Bangladesh and India. He would advocate proceeding rapidly with the Third Replenishment negotiations. Members should not be discouraged by presumed difficulties or temporary setbacks before embarking on the Consultation and should remain as strongly committed as in the past to helping each other. He appealed to Category III countries to bear in mind that some of them were better off than certain Category II countries. Moreoever, the spirit in which the members of the Organization of Petroleum Exporting Countries (OPEC) had joined the members of the Organisation for Economic Cooperation and Development (OECD) in founding IFAD should not be forgotten. He urged the Council to adopt the draft resolution on the Third Replenishment.

371. Mr. BUIST (the United Kingdom) said that it might be useful for the Council to hear the Legal Adviser's opinion on the question of consultation and consent. He was opposed to the draft resolution on non-convertible currency contributions being referred to the High-level Intergovernmental Committee, which had already discussed the matter. Nevertheless, the measures suggested by Pakistan were interesting.

372. Mr. TAPAVICKI (Yugoslavia) said that his country had no problem with the draft resolution on the Mobilisation and Use of Non-convertible Currency Contributions. With regard to the draft resolution on the High-level Intergovernmental Committee, he supported the amendment proposed by The Philippines.

373. Mr. CHUULA (Zambia) said that any contributions made to IFAD were part of the resources of the Fund which should be able to use them for the benefit of the least fortunate, regardless of the contributor's category. Category III countries were beneficiaries of the Fund and should be able to handle at the national level any procedural difficulties caused by the use of contributions in their currencies. The amounts involved were minimal and would be used in the country making the contribution. He therefore agreed with the United Kingdom that the matter should not be considered by the High-level Intergovernmental Committee.

374. Mr. SUDEN (the Federal Republic of Germany) agreed with Colombia about backing up commitment with cash; that applied to all three categories. With regard to the draft resolution on the Mobilisation and Use of Non-convertible Currency Contributions, he supported the views expressed by the United Kingdom. Decisions on matters like that were of great concern to IFAD and should not be postponed. He requested those Members which had particular difficulties about the use of their currencies to discuss the matter with the Secretariat. He urged the adoption of the resolution at the present session of the Council.

375. Mr. JAZAIRY (President of the Fund) pointed out that a procedure for obtaining consent, within the meaning of Article 5, Section 1(b), of the Agreement, was specified clearly in operative paragraph III of the draft resolution on non-convertible currency contributions. The Council should be aware of the problems created by a situation in which the Fund had US$ 10 million in non-convertible currency contributions which it had great difficulty in employing. It should be able to use them for grants to the countries concerned in addition to any assistance they received in the form of convertible currency; the contributions in question had been made, after all, on a voluntary basis. The point raised by Guinea about payments to regional centres was answered by subparagraph A(i) of the attachment to the draft resolution. IFAD practice should be harmonised with that of institutions such as the Asian and African Development Banks, in which some countries which were Members of IFAD had accepted the principle of "no consent" or "no prior consultation" in regard to the institution's use of non-convertible currency contributions.

376. Mr. HILL (Jamaica) said that the fact that Category I countries were endeavouring to whittle down their contributions to IFAD despite repeated expressions of support for its work gave rise to concern about the real extent of their commitment to the Fund. The amount involved in that was insignificant compared to the massive subsidies which the rich countries made to their own farmers. He hoped that the Third Replenishment would be completed speedily at a level commensurate with the needs of poor farmers in the Third World.

377. Referring to the draft resolution on the High-level Intergovernmental Committee, he asked why the Council was being asked to approve preliminary findings.

378. He supported the draft resolution on the Mobilisation and Use of Non-convertible Currency Contributions. It went without saying that contributions of a Member of Category III paid in its own non-convertible currency should be usable by the Fund for the payment of administrative expenditures and other local costs of the Fund in the territory of that Member. It was even more important to use such contributions for the alleviation of poverty. He stressed that any attempt by a Category I country to specify how its contribution should be used must be resisted.

379. Mr. JAZAIRY (President of the Fund) said that the resolution establishing the High-level Intergovernmental Committee required the Committee to submit a report on its preliminary findings to the Governing Council. Approval of the preliminary findings did not commit Members of one category to the position of Members of another.

380. The CHAIRMAN invited the Council to note the Report of the Chairman on the Preliminary Findings of the High-level Intergovernmental Committee on IFAD's Future Financial Basis and Structure (document GC 11/L.6) and the report on the Mobilisation and Use of Non-convertible Currency Contributions (document GC 11/L.7).

381. It was so decided.

382. The CHAIRMAN invited the Council to adopt the draft resolution on the Third Replenishment of IFAD's Resources contained in Annex I to document GC 11/L.8.

383. Resolution 48/XI was adopted.

384. The CHAIRMAN invited the Council to adopt the draft resolution on the High-level Intergovernmental Committee on IFAD's Future Financial Basis and Structure contained in Annex II to document GC 11/L.8, as amended by the proposal of the Governor for The Philippines.

385. Resolution 49/XI was adopted.

386. The CHAIRMAN said that, in accordance with paragraph 2 of Resolution 48/XI, Category III Members should appoint 12 Members to the Consultation. The following nominations had been received: from the African region: Cameroon, The Congo, Egypt and Kenya; from the Asian region: India, Pakistan, The Philippines and the Yemen Arab Republic; from the Latin American and Caribbean region: Argentina, Brazil, Colombia and Panama. He understood that the Council endorsed those appointments.

387. It was so decided.

388. The CHAIRMAN said that suggestions had been made regarding the dates for sessions of the Consultation. He proposed that a decision regarding the most suitable dates should be made by the President and the Secretariat in consultation with Members.

389. It was so decided.

390. The CHAIRMAN invited the Council to defer consideration of the draft resolution in Annex III to document GC 11/L.8 until later that session.

391. It was so agreed.

ELECTION OF MEMBERS AND ALTERNATE MEMBERS OF THE EXECUTIVE BOARD (agenda item 11) (GC 11/L.9)

392. THE CHAIRMAN announced that the following nominations had been received for the vacant positions of members and alternate members of the Executive Board:

CATEGORY III

Asia		Latin America and the Caribbean	
Member	Alternate	Member	Alternate
Cyprus	Nepal	Cuba	Mexico

393. Those members and alternate members were elected by acclamation.

394. THE CHAIRMAN announced that Mr. Gerrit Braks (The Netherlands) had had to leave before the end of the session. His place as Chairman for Category I had been temporarily taken by Mr. Ruud Treffers (The Netherlands).

395. Mr. Treffers took the Chair.

REPORT ON THE STATUS OF THE HEADQUARTERS AGREEMENT (agenda item 12)

396. Mr. TER HORST (Assistant President, General Affairs Department) said that Italy was meeting its general administrative obligations under the Headquarters Agreement. It had continued to make provision at its own expense for the rental of temporary quarters for the organisation.

397. IFAD had been informed in 1986 that the Government of Italy had been unable to conclude the purchase agreement for a building complex previously identified as suitable for the Fund's Headquarters and had begun to consider other possibilities. A commission had been set up to examine various proposals and, at the Tenth Session of the Governing Council, the Governor for Italy had said that arrangements were at such an advanced stage as to ensure that the Italian Government would make a permanent Headquarters building available during 1988.

398. At the present session the Governor for Italy had stated that the Commission had completed its survey and had submitted a report to the Italian Minister for Foreign Affairs. Arrangements to secure governmental approval for a rapid decision on the matter were in progress and the necessary funds for the Headquarters project had been appropriated. The Council might wish to urge the Italian Government to take quick and decisive action to fulfil its commitment and to resolve the issue of the permanent Headquarters building in 1988.

399. Mr. BUIST (the United Kingdom) said it was a disappointment to Members that the permanent Headquarters building had not been available in time for the Tenth Anniversary celebrations. The uncertainty about the future of IFAD expressed in some quarters was certainly not shared by the Italian Government, which had expressed its faith in the organisation by pledging new programme resources to the Fund. He was confident that the question of the permanent Headquarters building would be resolved before the next session of the Council.

400. Mr. FIIL (Denmark) and Mr. MEIJER (The Netherlands) associated themselves with the views expressed by the United Kingdom.

401. Mr. SESSI (Italy) said that a decision would shortly be made on the selection of a site for the permanent Headquarters of IFAD. Rome was a large city but there were difficulties in finding a site appropriate for an international organisation. He assured the Council that the matter would be resolved in the coming year.

402. The Governing Council took note of the Assistant President's report.

GENERAL STATEMENTS (agenda item 5) (continued)

403. Mr. QURESHI (Pakistan) said that IFAD had emerged as a dynamic and effective financial institution. All members were grateful to the OPEC and OECD countries for their consistent support of the Fund. Both organisations had played a vital role in the creation and continuation of IFAD. Pakistan itself was grateful to IFAD for the valuable assistance it

had extended to his country in agriculture, rural development, water management, soil conservation and nutrition. Agriculture was the mainstay of developing countries like Pakistan. They greatly needed to increase food production but lacked the financial resources to exploit their potential. It was difficult and sometimes impossible for them to allocate substantial funds for the improvement of their underdeveloped areas. The demands from other sectors, such as irrigation, energy, education and communication, far exceeded their resources. IFAD's projects in various parts of the world had helped to remove regional disparities as well as increase the income of the rural poor and improve the quality of their lives.

404. The problem of hunger, poverty and malnutrition posed a challenge to mankind. Pakistan had been pursuing policies to promote incentives for achieving food production targets and for introducing institutional reforms, technological innovation and a balanced investment programme in the agricultural sector. Those policies had paid rich dividends. He fully supported the investment strategy of IFAD, which concentrated on small-scale irrigation, rural credit, training rural women and strengthening institutions for the rural poor and crop development. He also praised the efforts of the President for his untiring activities in mobilising the resources needed for the implementation of the Special Programme. His Government would continue to increase its food and agricultural production to combat the problem of hunger and poverty. He hoped all countries would extend IFAD material and moral assistance for the replenishment of its resources. Pakistan was wholeheartedly committed to strengthening IFAD. As an expression of its solidarity with the Fund and despite his country's financial constraints, it had decided to accept IFAD loans on intermediate terms in the future.

405. Mr. HARTUV (Israel) said that his Government greatly admired the work of IFAD and approved its priorities and methods of work. He hoped it would continue to find the financial resources and the expertise required for spreading self-reliance among the needy and for training them to learn new methods of solving their food problems. Israel would like to find ways to associate itself with IFAD's work. Its contribution to IFAD had never been used. Now that the High-level Intergovernmental Committee had studied the problem of the mobilisation and use of non-convertible currency contributions, he hoped that the Fund would find ways to use Israel's present contribution. His Government was always ready to examine ways in which Israel might provide further contributions.

406. Israel had achieved agricultural productivity in semi-arid conditions comparable to those of large areas in Africa and other parts of the world. It was ready to place its accumulated experience at the disposal of IFAD in order to develop suitable technologies for the reduction of drought vulnerability, improve traditional agriculture and cooperate in innovative research and development. Since 1955, courses designed to share that experience with developing countries had been attended by more than 50 000 trainees from Africa, Latin America and the Caribbean, Asia and the Pacific, and Mediterranean countries. Israeli experts had trained more than 20 000 people locally in the developing world itself and Israeli experts were working or had worked in 64 countries. Israel had limited funds available and could not compete with the big donors. It had therefore placed emphasis on helping developing countries through technology transfer and training.

Cooperation was a two-way process and Israel believed it had learned a tremendous amount from the scientists, farmers and administrators of the countries to which it had sent experts.

407. Areas in which Israeli expertise could help IFAD were the agricultural development of arid and semi-arid zones; making habitable areas out of deserts; seed production and the supply of improved seeds to developing countries; developing new food sources as a result of techniques such as aquaculture; and sophisticated methods of irrigation, production of high-yield disease-resistant varieties of wheat, desalinisation of water and use of solar energy. Israel hoped that it could be associated more closely with IFAD's fight against hunger, aridity and underdevelopment throughout the world.

408. Mr. NTEZILYAYO (Rwanda) said that in 1987 FAO had announced an average increase of 2.5% in world agricultural production. That figure disguised many difficult situations when broken down by region. A number of African countries were still subject to climatic conditions which provoked frequent famines. In many parts of the continent, whole populations continued to die of hunger or suffered from malnutrition. The food problem was worsened by huge rises in population. FAO statistics showed that 350 to 512 million people were seriously undernourished and the World Bank estimated that 750 million people were deprived of the basic food requirements for a healthy and active life.

409. Economic distortions, budget deficits, the fall in prices of agricultural exports from the Third World and anarchy in currency were all elements which prevented the least developed countries from dealing with the internal and external problems facing them. The situation was aggravated by the increased cost of products and services from developed countries. Again according to FAO statistics, the value of agricultural products compared with manufactured goods had fallen by about 30% since 1980. That represented a deterioration of more than 7% over only two years. The gap between the developed and the developing countries continued to widen. Despite great efforts by the poor countries to adjust their agricultural policies and give greater priority to agriculture, their resources for doing so remained tiny. Their poverty was increased by an unfavourable economic situation which made it very difficult to provide the necessary production infrastructure. The result was that those countries had to rely constantly on external resources. A new economic order should be established to enable the least advanced countries to obtain the funds required to repay their external debts. His Government reiterated its determination to support every effort to cooperate in the elimination of hunger throughout the world.

410. Since 1973, his Government had instituted an annual theme for agriculture. In 1988 the theme would be the defence of the producer's income. It would provide strong motivation for agricultural producers to form associations to defend their interests and would enable the Government to introduce agricultural price increases, thus providing higher income for producers and improving agricultural credit policy to make it more accessible to small farmers. In the past few years, Rwanda had benefited from projects financed by IFAD in sub-Saharan Africa. The Fund had recently submitted to his Government the report of the preparatory mission for a project to develop agriculture in the Gikongoro Prefecture. He hoped that the project would be finalised quickly so that the funds could be released within a reasonable time.

411. Mr. POULIDES (Cyprus) said that they all remembered the difficulties IFAD had experienced a few years ago during the negotiations for the Second Replenishment. An agreement had finally been reached and the Fund had continued its operations. However, time was again running out and the negotiations for the Third Replenishment would soon begin. Experience had shown that those negotiations should be approached with an open mind and with good will and perhaps be based on a new structure. It should be borne in mind that the Second Replenishment had only amounted to half the funds, i.e. US$ 500 million, available to IFAD when it was established. The financial situation of Category II and III countries had, of course, changed in the meantime, but that important fact should not be forgotten.

412. Turning to the report of the High-level Intergovernmental Committee, he said that the unique mandate of IFAD must be respected. IFAD was different from other financial institutions and had as its target the poorest strata of the world's population. They should remain its target. The proposals presented during the Committee's deliberations could be separated into two categories: those with an immediate impact on the Third Replenishment period and those relating to IFAD's future financial basis. He supported the two draft resolutions annexed to document GC 11/L.8 for the establishment of a Consultation on the Third Replenishment of IFAD's Resources and for the continuation of discussions in the High-level Intergovernmental Committee. In the case of the first group of proposals, set out in Annex III to document GC 11/L.6, he could not accept Proposal V for the replenishment of contributions in the form of loans, even if they were interest-free. Contributions should be in the form of grants as at present. Proposal VII concerned the extension of the Third Replenishment from three to four years: he believed that the replenishment period should be related to the level of replenishment. It would be easy to accept a longer period once the level of resources available to the Fund was sufficient to sustain operations during that period. An additional benefit would be that it would obviate the painful process of having negotiations every three years.

413. With regard to the second group of proposals set out in Annex IV to document GC 11/L.6, he emphasized the importance of Proposals V and VI on special programmes and trust funds and the need to explore those means of making additional resources available to the Fund. However, the prime concern of the Fund should remain the implementation of its core programme.

414. With regard to the Programme of Work and Budget of IFAD for 1988, he considered that the slightly increased cost of servicing ongoing investment projects, compared with that of 1987, was acceptable and he fully supported the draft resolution on that item. He also supported the draft resolution concerning the proposal of the Executive Board to convene the Twelfth Session of the Governing Council in January 1989 and the draft resolution regarding the extension of the term of office of the President of IFAD.

415. Mr. DIAZ YUBERO (Spain) welcomed Trinidad and Tobago to membership of the Fund. His country continued to have confidence in IFAD as an experienced and successful organisation which had solved many problems facing the extremely poor in different parts of the world. It would be helpful to have a detailed evaluation of the results achieved by the 220 projects which the Fund had approved in the past decade. The efficiency

of IFAD depended on the careful selection of projects that were not only essential but likely to prove fully effective and also profitable in the widest sense. Those chosen should be designed to solve identified local problems particularly suitable for treatment by the Fund.

416. There was a close link between poverty and ecology. He was therefore gratified to hear of IFAD's concern for the environment and wished success to the International Consultation to be held on that topic in Algeria in June 1988. The decision to give priority to assisting rural women through credit schemes was also welcome, for in many parts of the world women were the main bread-winners. His delegation was glad to know that IFAD would seek to eradicate pockets of poverty in Latin America and the Caribbean and to promote rural microenterprises, which should be developed into cooperatives. It also approved the measures to reduce project overhead costs to a minimum, but project quality must not be allowed to suffer as a result. Planning was a necessary ingredient of any project and often of importance in preventing waste.

417. Spain believed that multilateral assistance was the most effective means of solving humanity's problems. The structure and objectives of the Fund should remain as they were when it was set up. The ideals which presided over its creation were still valid. Although world economic conditions might have changed since then, that did not invalidate the IFAD system; the answer was to adjust the proportions in which countries contributed to it. Since the Second Replenishment had been small, Spain appealed to all countries to demonstrate their sense of responsibility by paying arrears due to the Fund and ensuring that generosity prevailed over other considerations in the negotiations about its future. In conclusion, his delegation approved the Programme of Work and Budget of IFAD for 1988.

418. Mr. CHEHEM (Djibouti) said that his country's fishermen and farmers had asked him to convey to the President and staff of the Fund the following message: "Although the goal lies far away the course is true; persevere despite storms and you will lead us to a safe haven." The force of that message was strengthened by Djibouti's awareness of the value of IFAD's help and particularly of the fact that the Fund and Djibouti had so much in common. Having been born within a few months of each other, both were young. They were also small and poorly endowed; both, too, played a strategic role - IFAD in fighting rural hunger and poverty, Djibouti in ensuring the stability of the troubled Horn of Africa - and both worked for peace in the fullest sense. War was to be condemned, but hunger and malnutrition even more so, for they caused far more deaths: according to the United Nations Children's Fund (UNICEF), for example, 250 000 children under five died every week from malnutrition and disease.

419. The present session came at a moment of economic, political and social crisis, when the future was extremely uncertain. In such a situation the Fund was an oasis of refuge for the world's poor. It was therefore essential to support it further and allow it to grow. He wished to pay tribute to the President's efforts to place IFAD on a sound financial basis and to thank the countries and organisations which had contributed to the Special Programme. He was also grateful to those countries which had already met their commitment to the Second Replenishment and he urged those which had not yet done so to fulfil their obligation as quickly as possible. He had the major donors particularly in mind, but his appeal was to the smaller ones too, because in Djibouti a dollar from a country of the South was just as useful to a small farmer, nomad pastoralist or fishermen as one from the North.

420. He endorsed the views expressed by Category III countries in the High-level Intergovernmental Committee on the proposals contained in Annex III to document GC 11/L.6, especially in regard to Proposal V, on the question of replenishment contributions in the form of interest-free loans, and Proposal VII, concerning the extension of the Third Replenishment period from three to four years. An organisation seeking stability would certainly benefit from a longer replenishment period, but that should not be accompanied by a reduction in the flow of financial resources. He wished the Committee early success in finding a lasting solution to the problem of financing IFAD.

421. Mr. OTENG (Botswana) said that, in view of the critical economic situation and poverty in many young African nations, IFAD's commitment to the small farmer and its sharp focus on rural poverty was particularly commendable. The needs of the rural poor should feature prominently in the process of reconstruction and development. In Botswana, as in other countries, smallholders represented a mighty productive force. Over the years, the Fund had acquired deep insights into the position of the small producer, as demonstrated in the Arable Lands Development Programme in Botswana, cofinanced by IFAD, under which more than 19 000 farmers had been assisted since 1982.

422. He was glad to note, in regard to the Special Programme, that IFAD had begun cofinancing projects with the Non-Aligned Movement's AFRICA Fund for the Front Line States. He likewise expressed appreciation for the Special Operations Facility and welcomed the near-attainment of the Special Programme's target of US$ 300 million. It was to the credit of the Fund that it remained actively involved in project implementation through supervision missions. Other notable aspects of the Fund's operations included increased participation with cooperating institutions in appraising projects, the rise in the number of IFAD-initiated projects, the growth in the Fund's loan income, the organisation of cost-saving studies, the reduction of operating and administrative expenses in 1986, the improvement planned for the Management Information System and the strengthening of the Monitoring and Evaluation Unit. It was unfortunate that financial constraints had forced the Fund to operate at below zero growth. The nominal increase of 4.9% in the Budget of IFAD in 1988 over 1987 was less than the increase in prices of 5.6%.

423. Mr. ABDELHAQ (Morocco) said that the present critical global economic situation and the drought in Africa called for innovative, bold proposals. While it had been hoped that world grain surpluses would be beneficial for the poorest countries, increased indebtedness and the fall in the price of raw materials had deprived them of overall improvement. A positive trend in agricultural production until 1981 had been followed by a decline, with the result that only consolidated efforts and increased assistance for the countries most affected could help to bring them out of a critical situation.

424. Morocco supported IFAD's programmes and its efforts to mobilise resources and was placing technical cadres at the disposal of the Fund to that end. It gave agricultural development top priority, being convinced of its fundamental role in the country's general development. It placed particular emphasis on developing irrigated and also rain-watered areas through integrated development projects, on the development of agriculture

hand-in-hand with socio-economic development, on food self-sufficiency and the development of agricultural exports, and on preserving natural resources. It spared no effort in making investment potential available to speed up the implementation of such projects. He expressed thanks to all international organisations which had constantly supported Morocco, and specifically to IFAD for cofinancing a number of highly important rural development projects.

425. Noteworthy aspects of IFAD's effective action were its work in training and research, its extension activities, the financing, organisation and marketing of agricultural products, its cooperation with other organisations and its emergency assistance, such as its Special Programme. All that depended on availability of funds, including the payment of arrears of contributions. He appealed for greater support for the Fund so that it could respond to the needs of satisfactory rural development and fulfil the aspirations of developing countries.

426. Mr. MOKONNEN (Ethiopia) recalled IFAD's sustained involvement in Ethiopian agricultural programmes, drawing attention to the wide range of projects involved and the attention given to small-scale farming. His country was most grateful to IFAD and to all members of the international community which had provided assistance over the past two difficult years. However, despite the measures taken to forestall crises in the peasant sector, yet another agricultural emergency loomed, for which renewed assistance was required.

427. The Revolutionary Government which had come to power in 1974 had inherited a disastrous situation. Its response had been to identify two principal preconditions for changing society - land reform and literacy. The 1975 Land Reform Proclamation had set in motion the transformation of the countryside, while the literacy campaign had been one of the most successful in the developing world. At the same time, Ethiopia's development strategy had introduced agricultural extension over the entire country, focusing on low-cost solutions to development problems rather than on massive capital-intensive projects.

428. The Ethiopian Government had been criticised for its policies with respect to villagisation and resettlement. Yet villages had been the backbone of rural society in Asia and Europe for centuries, nurturing a spirit of self-help and solidarity. Indeed, the formation of villages had been supported by donor funds in the neighbouring United Republic of Tanzania, so he could only assume that in his own country it had been the speed of the villagisation drive and the criteria for site selection that had been discussed. But the process had not been over-hasty: it was an integral part of Ethiopia's land reform law and had been held back for a decade while sites were chosen in consultation with the farmers themselves. Constructive suggestions accompanied by additional resources for the provision of basic services would be welcome. It should be noted that villagisation was not the first step towards communal ownership, but a voluntary process.

429. Resettlement schemes were no new thing in Ethiopia or in other developing countries. Their purpose was to protect the population in famine areas by providing land in more fertile zones, as well as housing, seed and land preparation. Once again, there had been no compulsory movement of large sections of the population. It has been a voluntary process with state infrastructural support.

430. During the decade following the revolution, the Ethiopian Government had scored a number of successes in land distribution, literacy and the creation of agrarian institutions. The foundations of economic regeneration had been laid. In other areas, such as technology diffusion, inputs and the opening up of new lands for cultivation, the pace had been slower. The concern now being shown by both the Government and various agencies for the coming crisis was the result of the early warning system put in place. It was tragic that adverse weather conditions had led to its being tested so soon after its development. At the same time, the search for new development approaches continued. Decision-making was to be further decentralised so that there could be no urban bias in Ethiopia. He therefore wished to appeal for assistance in the form of fertiliser, oxen purchase, handtools and seeds, reminding all concerned that the alleviation of poverty was a global responsibility, just as the right to food, education and health was a basic human right.

431. Mr. MALTEZ (Panama) said that at the present time of international economic crisis IFAD took on even greater importance than before. It was therefore essential to ensure that no proposal should be adopted that might have the effect of altering the Fund's basic structure or modifying its underlying principles.

432. Rural poverty was one of the gravest problems of the age. It was estimated that 700 million people throughout the world lived in total destitution. Recent studies undertaken by his own Government showed that rural poverty was still a major problem in Panama, in spite of the large-scale efforts undertaken over the past decade. Indeed, 38% of the total population was affected by poverty and one in five Panamanians was regarded as critically poor by World Bank standards.

433. Agriculture had declined so drastically in Panama that crisis point had been reached. The gravity of the situation was compounded by a crippling external debt burden, that had made his country a net capital exporter, and by structural readjustment policies. In the circumstances, his Government wished to reiterate its strong support for IFAD, to which it endeavoured to contribute, to the extent of its possibilities, in convertible currency.

434. Panama supported the level of the Proposed Budget of IFAD for 1988, but expressed concern at the fact that it was being kept so low. He hoped that a more normal level of operations would soon be restored. He therefore thanked all Members which had deposited Instruments of Contribution to the Second Replenishment and called upon others to discharge their responsibilities as soon as possible. The present difficult situation should not be used as a pretext to impose reforms on IFAD's financial structure. In that context, he hoped that the High-level Intergovernmental Committee would continue its search for an equitable solution to IFAD's problems.

435. The meeting rose at 7.40 p.m.

(viii) Summary Record of the Eighth Meeting held on Friday, 29 January 1988, at 10.00 a.m. in Rome, Italy

Chairman : Mr. SAID (the Libyan Arab Jamahiriya)

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436. The meeting was called to order at 10.45 a.m.

TWELFTH SESSION OF THE GOVERNING COUNCIL (agenda item 14) (GC 11/L.11)

437. The CHAIRMAN invited the Council to adopt the draft resolution contained in paragraph 4 of document GC 11/L.11.

438. Resolution 50/XI was adopted.

IMPLEMENTATION OF ARTICLE 6.8(b) OF THE AGREEMENT ESTABLISHING IFAD: CONTINUITY IN THE OFFICE OF THE PRESIDENT OF IFAD (agenda item 15) (GC 11/L.12)

439. The CHAIRMAN invited the Council to adopt the draft resolution contained in the Annex to document GC 11/L.12.

440. Resolution 51/XI was adopted.

GENERAL STATEMENTS (agenda item 5) (continued)

441. Mr. MALUZA (Zambia) suggested that IFAD's work might be advanced considerably if a programme were launched to familiarise the public with it. He also believed that further thought might usefully be given to making IFAD's projects self-sustaining by using the whole range of natural resources available in the areas in which they were carried out.

442. In reviewing the African food and economic crisis, it must be borne in mind that peace and stability were preconditions for the economic and social development of any country. The racist South African regime seriously disrupted the development efforts of the Front Line and neighbouring States by its acts of aggression. The food deficit situation had become critical. The countries of southern Africa, especially the Front Line States, required exceptionally high foreign assistance to enable them to move ahead at all and his country therefore warmly welcomed the cofinancing arrangements made to assist them by IFAD and the Non-Aligned Movement's AFRICA Fund.

443. His country believed that the key to survival for the developing countries in the current economic situation lay in promoting regional, inter-regional and South-South cooperation. Third World countries must develop their production capacities, use available research findings and technology to the full and boost efficiency in the productive sectors. They must involve rural workers themselves in the development process and train them in self-reliance. The driving force for development should come from within.

444. His country realised that IFAD shared that aspiration. It believed that the developed and developing countries alike must give it their full support and regretted that conditions had been attached to some contributions. IFAD must be free to use the sums paid in to it as it saw fit. His country supported the draft resolution on the Mobilisation and Use of Non-convertible Currency Contributions and suggested that IFAD should open bank accounts in the countries concerned and not lodge contributions in central banks. He further proposed that a progress report on the subject be submitted to the Twelfth Session

445. The Third Replenishment was a difficult problem in the present unfavourable economic circumstances. The burden should be shared flexibly among the three categories and the current situation of each country be taken into account. His country approved the draft resolution on the Third Replenishment of IFAD's Resources, together with the suggestion to hold consultations under the chairmanship of the President. It considered that the level of resources should be US$ 1 billion and that the period of the Replenishment should be maintained at three years.

446. The High-level Intergovernmental Committee had made good progress and should continue its work for another year. He hoped that the present structure of IFAD and its lending terms would not be altered. Conditions should not be attached to the creation of Trust Funds, nor should policy reforms be imposed on recipient countries. IFAD must not be transformed into a development bank or an affiliate of the International Monetary Fund or the World Bank. Proposals to establish a banking affiliate and an IFAD subsidiary in the form of a domestic corporation should be examined critically.

447. Mr. KYESIMIRA (Uganda) expressed his appreciation of the valuable work done by IFAD during the past ten years and of the support extended to it by Member Countries. He sincerely hoped that similar support would be provided during the next ten years. The Fund was unique among international organisations and must be enabled to continue and win its fight against hunger and poverty. He trusted that Category I and Category II countries in particular would do their best by it.

448. IFAD had undertaken useful work in the northern and north-eastern areas of Uganda and other activities designed to help farm workers in the south of the country were being prepared. His country appreciated the rapidity with which IFAD worked in setting its projects in motion. It trusted that IFAD would soon be sending another mission to Uganda and looked forward to further useful cooperation with it in the future.

449. Mr. ANDRIATSIAFAJATO (Madagascar) said that two of the subjects before the Council were of particular importance because they had implications for the Fund's future, namely, IFAD's future financial basis and structure, including the Third Replenishment, and the Programme of Work and Budget of IFAD for 1988. His delegation endorsed the budget proposals for 1988, but expressed the hope that the budget would allow IFAD to strengthen its action in favour of those most in need. IFAD would have to intensify its efforts so as to make good at least part of the large reductions in the programmes of other multilateral institutions responsible for developing agriculture and combating hunger and malnutrition.

450. IFAD must endeavour to minimise the negative impact of structural adjustment measures on the poor in rural areas and join governments and other institutions in increasing investment in agriculture and food production. Although IFAD's operational budget might appear reasonable in a period of austerity, he was surprised at the low level of the Programme of Work and expressed the view that it should return to the levels of 1980-1982.

451. His delegation considered that negotiations on the Third Replenishment should be concluded by the end of 1988. The level of Replenishment should equal, if not exceed, that of the First Replenishment. Each of the categories would therefore have to increase their contributions because countries in Category III should not be asked to bear the burden alone. They would undoubtedly do their utmost, but generous contributions by Categories I and II would be more appropriate. With regard to burden-sharing between the two categories, his delegation endorsed Proposals I and VIII as set out in Annex III to document GC 11/L.6. It also believed that Proposals VII and IX would improve considerably the Fund's financial basis.

452. Greater flexibility in the mobilisation and use of non-convertible currencies would enlarge IFAD's financial scope, as well as extending and diversifying its field of action. Category III countries should study how they could modify their financial regulations so as to facilitate use by IFAD of non-convertible currencies, including allowing IFAD direct access to any such currencies contributed to it. The basic national regulations on the use of non-convertible currencies applicable to other financial institutions should be extended to IFAD. His delegation could not, however, endorse the proposal to fix a maximum percentage in non-convertible currency for contributions by Category III countries; it would prefer to see such countries encouraged to pay as much as they could in convertible currency. The problem should be studied in more detail and there should be greater consultation with the Member States concerned.

453. Finally, he wished to express gratitude to all those countries that had contributed to the Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification (Special Programme), and particularly to Belgium, Denmark, France and Italy for their additional contributions.

454. Mr. PASQUIER (Switzerland), reviewing IFAD's achievements over the past decade, said that it would be irresponsible of the international community to hamper IFAD's action by restricting its funding. The experience gained by the Fund is apparent in the fact that its latest projects were even better adapted to the needs of the beneficiaries than those approved ten years previously. Initially, IFAD had directed its efforts to the rural poor, particularly small farmers, but it had now realised that other sectors such as farmworkers, fishermen and nomads could also be agents of development. A decade ago, it was thought that women would benefit from IFAD's activities together with the rest of the population, but that had not necessarily proved to be the case and IFAD had adopted special measures for women, including its first project exclusively for women. IFAD had been one of the pioneers in granting loans to groups in return for a joint guarantee. Grassroots participation had greatly contributed to the efficacy of IFAD's activities and was included in the majority of its projects.

455. One important aspect of IFAD's approach was to consider the rural poor as agents of their own development and to encourage them to undertake new activities. He welcomed IFAD's interest in successful projects implemented by non-governmental organisations (NGOs) with a view to enlarging them into IFAD-financed projects in which the NGO continued to play its role or even assume the main responsibility.

456. The Swiss authorities noted with satisfaction the growing trend for IFAD projects to be incorporated into national structural adjustment programmes, as well as the studies undertaken to assess the effects of structural adjustment on small farmers. They also welcomed the establishment of an Evaluation Committee.

457. Although the lower level of the Second Replenishment had been partially compensated by the Special Programme and by cofinancing, they were only provisional and inadequate solutions to a fundamental problem. IFAD must be given the resources necessary to justify its existence as a separate institution and that implied US$ 250 to US$ 300 million annually. Switzerland was prepared to play its role in such a replenishment.

458. If negotiations were to reach a successful conclusion, all countries must show flexibility and realism. Countries that were obliged to cut their development aid should maintain their contributions to IFAD because of its unique character and its priority goal.

459. Switzerland was satisfied with IFAD's structure, but if it became an obstacle to the achievement of IFAD's objectives, it would be necessary to re-examine the fundamental principles that had led to the Fund's creation.

460. Mr. TAPAVICKI (Yugoslavia) emphasised that, in the current global economic crisis, agriculture could not avoid the fate of other sectors in difficulty. The gap between the developed and developing countries continued to widen as a result of the slow-down in economic growth, monetary instability, increased trade imbalances, protectionism and the growing debt crisis, as well as inadequate development assistance by the international community. There had been no serious attempt by the major economic powers to solve the structural problems of the global economy, despite the fact that, in an interdependent world, the global economy could not be revitalised without growth in the developing countries.

461. Although world agricultural production was increasing, hunger and malnutrition remained widespread and IFAD's role was more important than ever. During the ten years of its existence, the Fund had made great progress and it was essential to provide it with the resources necessary to guarantee its future and maintain a satisfactory level of operations.

462. Yugoslavia fully supported the high priority given to Africa, although it was to be regretted that other developing regions could not also receive assistance commensurate with their needs.

463. His delegation welcomed the constructive dialogue that had taken place in the High-level Intergovernmental Committee with regard to the Third Replenishment and longer-term issues. In connection with adjustment and flexibility in contributions by Member Countries in Categories I and II, his delegation considered Proposal VIII in Annex III to document GC 11/L.6 to be a reasonable basis for negotiations on burden-sharing, at least for a transitional period. It also supported the Nordic countries proposal on obtaining broad agreement on medium-term and long-term commitments to the Fund.

464. Some elements of the mechanism for negotiations proposed by Category I countries were questionable and his delegation could not agree that the level of the Third Replenishment should be conditioned by increased contributions from Category III countries in convertible currencies. A more realistic and logical procedure for the negotiations would be to carry them out in two stages: firstly, Category I and Category II countries should establish the level and the sharing of the burden among themselves; secondly, any matching of Category III contributions in convertible currency by Categories I and II, on the basis of an agreed multiple, should represent additional contributions.

465. His delegation endorsed the Committee's view that changes of Category should be purely voluntary. It also shared the opinion expressed by Category III countries that acceptance of less concessional terms for a particular loan should not constitute a precedent. IFAD must preserve its unique structure and not follow the trend towards imposing harsher loan terms, particularly since its loan maturities were often more extended than those of development banks and the rate of return on agricultural projects was low.

466. Mr. PAPA (Commission of the European Communities) underlined the European Communities' (EC) interest in the Special Programme. Rural development was the focal point of the Third Lomé Convention, the majority of the signatory states having decided to devote between 70% to 100% of available resources to that sector. In some countries, efforts were concentrated in a particular zone and in all countries emphasis was laid on food production. Under the framework of the Third Lomé Convention, rural development was interpreted in its widest sense and included aspects such as stock breeding, fishing and improving living conditions in rural areas.

467. The rural population was at the centre of the development process and special attention was paid to initiatives by farmers, the role of women and, more generally, to participation by the population in development activities.

468. It should be noted that priorities under the Third Lomé Convention were similar to those of the Special Programme and care should be taken to coordinate activities in the field so as to avoid duplication.

469. After reviewing the six country projects and programmes carried out in 1987 under the Third Lomé Convention, he expressed the hope that cooperation between IFAD and the EC would be strengthened both at headquarters level and in the field.

470. Mr. YANGA (Cameroon) said he hoped that cooperation between IFAD and his country would become increasingly fruitful. To pursue its activities the Fund needed firm support from all its Members, especially those, of whatever category, who had the means to strengthen its financial basis.

471. The Eleventh Session was being held at a time when the world economic crisis was having extremely harmful effects on the poorest people in Africa. His country had adopted an austerity plan to combat those effects and was giving the highest priority to the rural sector. It relied primarily on its own resources, although help from the international community, and particularly IFAD, would be much appreciated.

472. Cameroon was thus counting on the Fund and felt both concerned and hopeful. It was convinced that South-South and North-South political will and international solidarity would secure for the Fund a solid financial basis on which to continue its innovative efforts for the poorest of the poor.

473. In its ten years of existence, IFAD had promoted great changes and improvements in the daily life of millions of rural dwellers in the developing countries and much of the credit must go to Mr. Jazairy, the President, to whom he paid tribute for his tireless efforts in the service of IFAD.

474. Turning to the items on the agenda, he expressed his support for the Programme of Work and Budget of IFAD for 1988 and his thanks to the donors who had responded to the appeal for funds for the Special Programme. Assistance for the critical situation of the sub-Saharan African countries, however, required much more than a Special Programme and US$ 300 million. United Nations promises had not been fulfilled by the Economic Recovery Programme adopted by the General Assembly in 1986 and he therefore appealed to donors to make further resources available so that the IFAD Special Programme could be extended in time and scope.

475. Cameroon had been honoured to participate in the High-level Intergovernmental Committee and endorsed its preliminary findings but, nevertheless, reaffirmed its attachment to IFAD's unique structure and character within the United Nations system. Furthermore, he hoped that the Third Replenishment negotiations would be brief and successful since it was essential that countries should contribute, according to their means, in order to show their unreserved support for the Fund and to further the efforts being made by African countries themselves to realise their enormous potential.

476. In conclusion, he stressed that Cameroon, despite its economic difficulties, would honour all its international commitments and he expressed, again, its deep gratitude for the financial assistance provided by IFAD through two integrated rural development projects.

477. Mr. MAMBA (Swaziland) said that one of the most difficult problems facing the developing countries was that of their indebtedness to the developed countries, from which they were compelled to borrow since the high cost of their imports could not be covered by the low earnings from their exports. His country much appreciated the efforts made by IFAD to lighten some of the burdens borne by his country in its attempts to speed up development in the agricultural sector.

478. Crops in southern Africa had made a good start during the present season with early, adequate and evenly distributed rains. Since then, however, a drought had set in at a critical stage for the staple maize crop and it might prove necessary to seek food aid for the region.

479. The drought constituted a serious setback for Swaziland. Its small-scale farmers had seen their high expectations dashed to the ground. The participation by the communities concerned in the rehabilitation of small irrigation schemes, for which IFAD was providing

financial assistance, was increasing as those communities realised the value of irrigation in guarding against drought. To such an extent, in fact, that Swaziland would probably be requesting further assistance from IFAD in placing a wider area under irrigation.

480. His country fully endorsed IFAD's objectives and programmes and pledged its full support.

481. Mr. OBIMPEH (Ghana) said that since the establishment of IFAD adverse external economic hazards as well as natural factors had made it difficult for developing countries to implement national plans for increased food production. It must not be forgotten, though, that inappropriate policies and inefficient institutions contributed greatly to the agricultural sector's poor performance in most countries. Additionally, drastic policy changes were needed in many countries to enable the private sector to operate freely.

482. Reforms in his country had yielded positive results in the agricultural sector and investment projects had been drawn up with the active participation of IFAD which, he hoped, would continue its support in soliciting assistance from donors.

483. He expressed his country's gratitude for the Fund's assistance in financing various projects, and particularly for Ghana's inclusion in the Special Programme through which IFAD was making a valuable contribution to help the poorest of the poor.

484. He endorsed the Programme of Work and Budget of IFAD for 1988, which clearly addressed many issues of concern to all, and supported the recommendation of the High-level Intergovernmental Committee that a Consultation should be held on the Third Replenishment of the Fund's Resources in the hope that deliberations would help to narrow down or eliminate any differences between the categories. In that connection, increased participation by Category III Members in replenishments was agreeable to his delegation in principle although, given the economic situation of most Members of the Category and the need to avoid delay, the level of the replenishment should not be dependent on their contributions. Furthermore, the proposals made by the Committee should not be allowed to weaken the specific and unique mandate of IFAD.

485. On the subject of non-convertible currency, he agreed that appropriate action should be taken to facilitate its use and considered that a distinction should be clearly made between items which called for consultation only and those for which consent was required. In that connection, the suggestion that payments be made into IFAD accounts in the central banks of Member Countries had considerable implications and should be given careful consideration.

486. Finally, he emphasised that IFAD must be given the necessary financial assistance, encouragement and moral support to continue in its noble work. Ghana, for its part, would endeavour to meet its obligations in that respect within the constraints of its economy.

TRIBUTE TO THE MEMORY OF THE LATE PRESIDENT OF THE REPUBLIC OF THE NIGER

487. On the proposal of the Chairman, the Governing Council observed a minute of silence in tribute to the memory of His Excellency Seyni Kounteche, the late President of the Republic of The Niger.

GENERAL STATEMENTS (agenda item 5) (continued)

488. Mr. MAMADOU (The Niger) said that his country, a founder Member of IFAD, was firm in its decision to continue and strengthen its support for the Fund: arrangements had been made to contribute 15 million CFA Francs to the Second Replenishment and 5 million CFA Francs to the Special Programme.

489. At a time when multilateral organisations were undergoing difficulties, IFAD was flourishing thanks to the high quality of its leaders and the reaffirmed political will of its Members. But, as the President had urged, vigilance against bureaucratic tendencies was needed, along with concrete action.

490. His country, as a beneficiary of IFAD, offered its thanks to all who had assisted in financing programmes. In that connection, he pointed out that investment in the poor countries was not a work of charity. The Fund's most noble objective was educational, since development depended on the assimilation by small farmers of the notion of productive investment.

491. The Niger, a land-locked Sahelian country with many structural problems, had taken up the challenge and was working hard at becoming self-sufficient in food. He affirmed that the type of development operation it had launched, based on efforts by the people themselves, would not grind to a halt when the projects ended, because the people had learnt to rely on themselves. That was why IFAD should continue as a flexible, effective organisation in which peasants could have confidence.

492. Finally, he made an urgent appeal to all Members to increase their contributions to the Second Replenishment and to the Special Programme.

493. The meeting rose at 1.05 p.m.

(ix) Summary Record of the Ninth Meeting held on Friday, 29 January 1988, at 3.00 p.m. in Rome, Italy

Chairman : Mr. SAID (the Libyan Arab Jamahiriya)

	Paragraphs
Report of the Chairman on the Preliminary Findings of the High-level Intergovernmental Committee on IFAD's Future Financial Basis and Structure (agenda item 10) (continued)	495 - 498
General Statements (agenda item 5) (continued)	499 - 513
- Haiti	499 - 502
- Mozambique	503 - 506
- Bangladesh	507 - 511
- Algeria	512 - 513
Other Business (agenda item 17)	514
Closure of the Session	515 - 527

494. The meeting was called to order at 3.35 p.m.

REPORT OF THE CHAIRMAN ON THE PRELIMINARY FINDINGS OF THE HIGH-LEVEL INTERGOVERNMENTAL COMMITTEE ON IFAD'S FUTURE FINANCIAL BASIS AND STRUCTURE (agenda item 10) (GC 11/L.6, GC 11/L.7, GC 11/L.8 and GC 11/C.R.P.1) (continued)

495. The CHAIRMAN drew the Council's attention to the revised text of the draft resolution on the Mobilisation and Use of Non-convertible Currency Contributions, contained in document GC 11/C.R.P.1.

496. Mr. RAHMAN (Bangladesh) said that when the Council had discussed the original draft resolution, contained in Annex III to document GC 11/L.8, he had pointed out that the text seemed to indicate an automatic procedure to be followed by the Fund. On the understanding that any activity of the Fund carried out in the territory of the contributing Member would require that Member's prior agreement, he could support the draft resolution.

497. The CHAIRMAN said that the understanding of the Governor for Bangladesh was correct. He invited the Governing Council to adopt the draft resolution on the Mobilisation and Use of Non-convertible Currency Contributions contained in document GC 11/C.R.P.1.

498. Resolution 52/XI was adopted.

GENERAL STATEMENTS (agenda item 5) (continued)

499. Mr. TANIS (Haiti) said that the current session of the Council was taking place during a persistent world economic crisis and had many urgent problems to contend with, in particular the future basis and structure of the institution's finances. The resources devoted to the Fund's development programmes for target groups in the Third World must be increased or their situation would greatly deteriorate.

500. He was grateful to the High-level Intergovernmental Committee for its work and called on Member States to give serious attention to its proposals for the Third Replenishment. He was pleased to note that an increasing number of IFAD projects were cofinanced with other multilateral or bilateral donors. He hoped that the trend would continue since it had enabled three projects in Haiti to be cofinanced, while another was under active consideration.

501. His delegation approved the Programme of Work and Budget of IFAD for 1988 and fully supported the Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification (Special Programme). He felt that the introduction of the new Management Information System would make the Fund more efficient and therefore supported the relevant expenditure. In addition, the resources for technical assistance and appraisal, identification and evaluation missions should be increased.

502. Finally, he supported Resolution 51/XI.

503. Mr. CEPEDA GAMITO (Mozambique) said that once again the Council was discussing questions vital for the growth and future of the developing countries. IFAD was becoming increasingly important as an institution for

alleviating poverty and malnutrition and encouraging rural development. In the past ten years it had made significant progress in improving food production and nutritional levels, but there was still a great deal to be done before all problems were solved. IFAD's work being so indispensable to the developing countries, the Third Replenishment must be supported by all Members. Mozambique, which was experiencing a serious food crisis, was counting upon the success of the Third Replenishment. Furthermore, the Special Programme was of great importance to his country, whose Government had just initiated a second agricultural rehabilitation project based on it.

504. The economy of Mozambique had suffered in the last ten years from internal and external factors including the South African destabilisation actions. Despite a partial recovery in 1977-1981, the gross domestic product (GDP) had fallen at the rate of 8% per annum between 1981 and 1986. Agricultural production was half of the 1981 level, necessitating the import of 90% of marketed grain. At the same time only 20% - 40% of industrial capacity was being used.

505. In order to correct that situation the Mozambican Government had introduced an economic rehabilitation programme for 1987-1990 with the objective of (a) reversing the decline in production and restoring an acceptable level of income and consumption, especially in rural areas; (b) curtailing domestic financial imbalances and strengthening the country's external payments position; and (c) establishing the conditions for rapid and long-term growth. To implement the programme, the Government had introduced reforms in external sectors, domestic pricing, distribution and monetary and fiscal policies, as well as in the agricultural, industrial and transport sectors. In January 1986, "farm gate" producer prices had been raised by 200% - 400% and the prices of fruit, vegetables and some animal products had been decontrolled in order to allow greater flexibility in price determination. The number of agricultural products subject to price control was being progressively reduced. All those activities needed support from the international community if success was to be achieved.

506. Referring to the external debt problem of the developing countries, he supported the proposal made by the President of the Fund at the Seventh United Nations Conference on Trade and Development (UNCTAD VII) regarding the payment of the developing countries' external debt in national currencies. He also welcomed IFAD cooperation with the AFRICA Fund, established by the Non-Aligned Movement in September 1986 to assist the Front Line States.

507. Mr. RAHMAN (Bangladesh) said that his country was proud to have been a Member of IFAD since its establishment. As one of the least developed of the developing countries, Bangladesh was a major beneficiary of IFAD assistance. To date, the Fund had been involved in eight projects, two of which had been completed, while four new projects were in the pipeline. IFAD was also expected to play a larger role in his Government's plans for rural development and poverty alleviation, which were among the major objectives of its third five-year plan for 1985-1990.

508. Turning to the question of structural adjustment, he pointed out that it was now generally agreed that the poor and disadvantaged social groups were more vulnerable than others. Lacking both economic resources and skills, they were less able to respond to changes resulting from the adjustment process. Appropriate policies and programmes were required to cushion them from the adverse effects. Flexible exchange rates, appropriate domestic pricing policies and positive interest rates were some of the common components of adjustment policies designed to improve the performance of economies through a more efficient allocation of resources and output response. But the response itself took time, resources were needed for investment, and a favourable international economic environment was essential. All that gave new meaning and urgency to IFAD's programmes for the poor and disadvantaged and explained his Government's strong support for an expanded IFAD programme in the future.

509. His delegation noted with satisfaction the efficient implementation of the Special Programme and the generous contributions made by a large number of countries, including the additional contributions announced during the current session. The Special Programme represented a timely and commendable effort to help suffering people in sub-Saharan Africa, to arrest ecological deterioration and initiate a process of long-term sustainable growth. He drew attention to other forms of natural disaster in other parts of the world, affecting the poor just as badly. Poor people in those areas also needed special attention but IFAD's capacity to respond was rather limited. Bangladesh, after suffering recently from cyclones and floods, had established recovery programmes in which it would welcome IFAD's participation.

510. He was concerned about the adequacy of the resources available to meet such expectations. IFAD's level of commitment, including approved loans and grants, reached SDR 324 million in 1981, when 30 projects had been approved. Since then the level of commitment and the number of projects approved had declined. The lowest level had been reached in 1986, with only 17 projects approved and SDR 97 million committed. During 1987, 19 projects and six technical assistance grants had been approved, with SDR 122 million committed, which was less than half of the approved Programme of Work. For 1988, the Programme of Work envisaged a commitment level of SDR 200 million for 22 projects and 10 technical assistance grants. If implemented, the Programme of Work would be close to the 1984 level, but still lower than in the Fund's initial years. That constituted a paradox: at a time of greater recognition of the need to channel more resources into agricultural development, the means available were shrinking. However, some of the remarks made by Category I and II Members encouraged him to hope that the Third Replenishment would provide adequate resources enabling IFAD to carry out its task.

511. Finally, with regard to the proposals of the High-level Intergovernmental Committee, he considered that the modalities for resource mobilisation as eventually approved should ensure predictability, adequacy and a net transfer of resources to the beneficiary countries, while being consistent with the letter and spirit of the Agreement Establishing IFAD.

512. Miss BOUMAIZA (Algeria) said that the position of the Category I countries in regard to the Third Replenishment was unrealistic, since it failed to recognize that the financial situation of the Category II countries had been eroded by a critical loss in export earnings. Should more countries maintain their unconstructive attitude, they would be responsible for the end of IFAD, and the failure of the Third Replenishment consultations. It had come as a surprise that some Category III countries were also seeking to place responsibility for IFAD on the shoulders of the Category II countries. Algeria, for its part, could not afford to set aside more than 1% of its gross national product (GNP) for bilateral and multilateral cooperation under present circumstances.

513. The Category II countries feared that Category I's misapprehension of the situation and refusal to review the structure of IFAD in the light of Category II's suggestions would jeopardise the Third Replenishment negotiations. Algeria had always favoured dialogue and international cooperation, since no country could stand in isolation, and therefore appealed to all Member Countries in a position to do so, whatever their category, to contribute generously to the Fund.

OTHER BUSINESS (agenda item 17)

514. There was no other business.

CLOSURE OF THE SESSION

515. Mr. JAZAIRY (President of the Fund) said that the Eleventh Session of the Governing Council had been a momentous occasion. Inspiring addresses had been delivered by the distinguished guests who had attended the Tenth Anniversary Celebrations, while special messages had been received from numerous Heads of State and Government. He expressed deep appreciation to the Governments of Denmark, France and Italy and to the European Communities (EC) for their announced additional contributions to the Special Programme, and to Zaire, which had also announced a contribution. That meant that the target of US$ 300 million had now been exceeded, a shining example of the victory of international cooperation and solidarity and a vote of confidence in IFAD. Of course, the situation in Africa remained critical and he therefore appealed to those countries which had not yet contributed and were in a position to do so to consider making a contribution.

516. Some concern had been expressed in the Council about arrears in contributions to the Second Replenishment, and he drew attention to Governing Council Resolution 37/IX, which stated that all payments should have been completed by the end of 1987. In that connection, he recalled that payment by promissory note did not involve immediate encashment.

517. He noted that the Council had approved the Budget of IFAD for 1988 and assured Governors that he intended to continue with a prudent and effective management style. Some Members considered the level of liquidity of the Fund to be on the high side. The Executive Board had agreed that its liquid assets should not be deliberately reduced since that would distort the *pro rata* share concept for Member States'

contributions. It had been suggested that the liquidity level was related to the low level of loan commitments and disbursements, particularly for the Special Programme. If the 1987 Programme of Work had fallen short of expectations, it was partly due to the delay in completing the negotiations on the Second Replenishment. Moreover, it should be noted that project development took, on average, between one-and-a-half and two years. Nonetheless, all efforts would be made to fulfil the Programme of Work for 1988 and, if possible, to surpass it. Regarding commitments under the Special Programme, project submissions to the Board had been accelerated as compared with regular operations. Moreover, the average rate of loan disbursement under the Regular Programme was higher than for most other comparable financial institutions. Under current economic circumstances, realism was necessary, and the acceleration of the rate of disbursement must not be at the expense of longer-term project sustainability. He assured Members, however, that the rate of disbursement would continue to be accelerated, and he hoped that recipient countries would assist the Fund in that task.

518. He assured the Governor for Belgium, who had regretted the absence of the Food and Agriculture Organization of the United Nations (FAO) as a participating agency in the Belgian Survival Fund joint programme, that IFAD would welcome any extension of cooperation to other agencies designated by the Belgian Government, which had itself initially proposed IFAD, the United Nations Children's Fund (UNICEF), the United Nations Development Programme (UNDP) and the World Health Organization (WHO). Indeed, system-wide coordination within the United Nations was IFAD's raison d'être and he was very keen to foster cooperation among the food agencies in Rome. For instance, cooperation with the World Food Programme (WFP) had grown significantly in recent years and IFAD enjoyed an excellent working relationship with FAO. Indeed, it had entrusted more than 70% of its identification and preparation work to FAO's Investment Centre. He continued to look forward to welcoming the Director-General of FAO at IFAD.

519. A number of valuable suggestions and comments had been made during the discussions. He and his staff would work very closely with the Evaluation Committee of the Executive Board, and would place continued emphasis on strengthening national capacities for project monitoring and evaluation. The social and productive role of women in development was being increasingly emphasised in project design. Work on a comprehensive policy framework had begun with the support of the Government of The Netherlands. IFAD's role in the preservation of the environment was clearly focused on the link between poverty and ecology. Experience had shown that there was no better way to alleviate poverty and ensure sustainability then by promoting at the grassroots level both individual initiative and participation in all project-related activities, which should also be fostered through the opening of alternative delivery and marketing channels.

520. Efforts had been and would be redoubled to mobilise cofinancing and reduce the average loan size, and he reiterated his invitation to bilateral donors to consider increasing cofinancing with IFAD-initiated projects. The Fund would expand its efforts to design complementary interventions to address the concerns of the rural poor during the period of transition under structural adjustment programmes. It was, moreover,

extremely important to sustain the accelerated pace of growth of IFAD's lending, which entailed an early conclusion of the Third Replenishment negotiations, through the Consultation established under Resolution 48/XI. The statements of willingness by Members of all Categories to participate in the negotiations with a flexible and constructive spirit were heartening. In addition to formal discussions, be suggested that those countries which contributed appreciable amounts to the Fund and/or contributed to other concessional windows might hold informal consultations.

521. On the subject of the High-level Intergovernmental Committee, whose mandate had been renewed, some had expressed the view that it should resume its deliberations only after sufficient progress had been made in the Third Replenishment negotiations. He, however, felt that the sequence and timing of the meetings should be kept flexible. Concerning the use of non-convertible currency contributions by Category III Member Countries, the Fund would work closely with them to expedite effective use of such resources.

522. After recalling the appreciation expressed to Governments which had provided financing for events celebrating IFAD's Tenth Anniversary, he said that any further contributions would be welcome. Commemorative stamps could be issued at any time throughout the year.

523. A welcome development, for which he was specially grateful to the President of the Council of Ministers of the host country, was the assurance that a solution to the permanent Headquarters question was at last in sight. He looked forward to receiving formal notification within the next few days.

524. He had been highly gratified by the appreciation expressed for the work of the IFAD team and offered his own heartfelt thanks to the Governing Council, the Executive Board and the officers and staff of the current session.

525. The CHAIRMAN said that the words and messages of a number of leading personalities and statesmen attested to the validity of IFAD's innovative approach to the problems of poverty and hunger and to the general recognition that the world's poor must be helped to help themselves. IFAD's past success provided sound directions for the future. In particular, its Special Programme was a matter of great satisfaction, as was the attainment of the US$ 300 million target. Gratitude was due to those countries which had contributed, but the fulfilment of the target should not deter others from adding to the Special Programme's resources.

526. IFAD would need adequate funds to increase the level of its operations, as called for by the representatives of so many developing countries. The Governing Council had taken three major steps in that direction by setting up the Consultation on the Third Replenishment of IFAD's Resources, renewing the mandate of the High-level Intergovernmental Committee, and proposing to use more effectively the non-convertible currency contributions of Member Countries. An early conclusion to the Third Replenishment negotiations was desirable. The constructive attitude which had prevailed during the Council's discussions would, he felt sure,

be reflected in an atmosphere of mutual trust during the Third Replenishment negotiations. The success with which IFAD had, in general, fulfilled its mandate was in no small way attributable to the President of the Fund and to the members of the Secretariat, to whom he expressed his appreciation.

527. He declared the Eleventh Session of the Governing Council closed.

528. The meeting rose at 4.50 p.m.

B. OTHER GENERAL STATEMENTS BY GOVERNORS AND OBSERVERS

Statement of the Governor for Algeria

Mr. Chairman,

Allow us first of all to congratulate you and the Members elected to the Bureau on the excellent way in which you are directing our proceedings. And we should also like to ask you to convey our congratulations to the Chairman elected by our Council. Our congratulations likewise go to the President of IFAD on his enlightened and effective management and on the serene atmosphere that reigns in this Institution. We should also like to ask him to convey our encouragement to all IFAD's devoted Secretariat and Staff. As you may imagine, we are particularly proud of the concrete results achieved by the Fund, despite its shrinking means and relative youth. As our proceedings draw to a close, allow us to contribute some comments.

Several eminent speakers have addressed the question of IFAD's resources in their general statements. Three firm positions have been expressed. The first is that of certain representatives of Category I, who take an unrealistic position because they refuse to recognise that the financial possibilities of the Category II countries have been considerably eroded due to the drop in the price of oil, their main source of foreign currency, combined with the depreciation of the dollar. One speaker even said that, in the event of one of the Category II countries failing to contribute to IFAD's Third Replenishment in the same proportion as that of the Second Replenishment, or better still, failing to increase the level of the latter, these countries would be responsible for the end of IFAD. Here we see a spirit that certainly does not help to solve the problem. The Category I countries are more aware than others of the real situation of the oil producing countries, who are dependent on the commercial policy pursued by the multinationals, over which they have no influence. If the Category I countries insist on demanding that a correlation be established between the contributions of Category II and their own, in the proportion they proposed at the time of the High-level Intergovernmental Committee meetings, this means that they desire the failure of the consultations on the Third Replenishment of IFAD's Resources. Again, in a dialectic with which we begin to be familiar, it is not astonishing that the Category I countries have taken such a negative position; we can only register our surprise at this and deplore the fact that certain representatives of Category III are likewise trying to throw the responsibility for IFAD's Third Replenishment on the Category II countries. Algeria, for her part, could not take the blame insofar as more than 1% of her GNP is already allocated to bilateral as well as multilateral cooperation. In spite of the crisis that stems from the drastic reduction of her export earnings and at a time when all budget items have undergone adjustments, the credits earmarked for cooperation with the developing countries, notably the African ones, have remained unchanged. This is why, considering that the Fund is at the service first and foremost of the Category III countries, it likewise behoves the latter, particularly the ones that are very well able to do so because they have experienced a remarkable rate of growth - and we are very happy about this, to contribute to the utmost of their possibilities, which are great, and thereby strengthen this unique institution, in which the Category II countries have faith. Those that feign ignorance of the real economic and financial situation of the Category II countries do nothing but foster the lack of understanding among the Group of 77 Countries and prepare the way to deadlock, to the detriment of their people.

In short, Mr. Chairman, some are refusing to review IFAD's present structure, while demanding a more important contribution from Category II. Others admit the need for greater flexibility in the proportion of contributions but also demand that their contributions should not be taken into account in the calculation of the respective levels of Categories I and II. We think that these positions are particularly negative and discouraging.

Mr. Chairman, Algeria is resolutely in favour of dialogue and negotiated solutions. She is also a fervent actor in international cooperation, be it bilateral or multilateral, because we believe that no country, even the most powerful, can in this day and age rely on its own strength alone. We depend on each other and are therefore obliged to help each other whether we like it or not. This is why we take the liberty of launching an appeal to all IFAD's Member Countries in a position to do so, whatever their category, to help to give the Fund the means of carrying out its policy.

Thank you, Mr. Chairman.

Statement of the Governor for Argentina

Mr. Chairman,

I should like to congratulate you, on behalf of my Delegation, on the dynamic way you are chairing our deliberations. Would you kindly extend our congratulations to the Vice-Chairmen.

We believe that this Eleventh Session of the Governing Council of IFAD is of particular importance for two reasons: firstly, because it marks the tenth anniversary of our institution which, as you know, is held in very high esteem by the developing countries and by all those of us who see it as embodying a unique and particular approach to development cooperation, bringing together its two main forms of partnership: North-South and South-South.

Secondly, because this session is going to mobilise the will to ensure IFAD's future. In other words, steps will be taken to set in motion the machinery needed to provide IFAD with adequate resources in the near future to enable it to continue its work. In this connection, although the meetings of the High-level Intergovernmental Committee in 1987 did not produce spectacular results, we nevertheless consider that they were like the mortar used for a building: by analysing the proposals submitted there, it was possible to clarify Members' stances and to gain some idea of what one might expect and what one must be willing to give in order to achieve the desired result - namely, the strengthening of the institution, so that it is able to go on performing the functions for which it was created, while maintaining its present characteristics. We are encouraged to see that the President of IFAD considers that all the critical conditions obtain for the successful negotiation of the Third Replenishment of IFAD's Resources, and we hope that all the Members will understand the vital importance of this occasion and act with due responsibility.

May I assure you, Mr. Chairman, that my country will do all it can to ensure that the Third Replenishment is successful and is able to guarantee the continuity of this institution.

We listened carefully to the important addresses of the distinguished speakers who have honoured us by their presence. Like Ambassador Al-Sudeary, we trust that IFAD will not be affected by the scepticism to which the international organisations have been prey in recent years, undermining the ideals of multilateralism which began over forty years ago. We believe that there are many very important reasons why our institution will not be affected by this tendency: its youth, its size, its specific mandate, its proven efficiency and, above all else, its unusual structure which tempers the international economic order when it comes to decision-making, through this joint quest for solidarity and cooperation. I should now like to make a few comments about some of IFAD's activities. My country is particularly happy about the finalisation of the joint operation between IFAD and the Non-Aligned Movement's AFRICA Fund, and the execution of an agricultural rehabilitation project in Mozambique. Being a member of the Movement, and knowing the acute problems facing the economies of the Front Line States in the region of the Southern African Development Coordination Conference, Argentina joined the AFRICA Fund to make sure that its solidarity is effective and practical. In this regard, we believe that the presence at this session of Dr. Kenneth Kaunda, President of Zambia and Chairman of the Organization of African Unity, to whom we should like to extend our thanks and our esteem, has helped to sensitise the countries present to the gravity of the situation and has emphasised the fact that IFAD is a key institution in alleviating the avoidable sufferings of the peoples of Southern Africa. The humanism which ran through his message could hardly have found a more appropriate forum for a fruitful dialogue in this direction. Thus, the cooperation which is beginning today between IFAD and the AFRICA Fund is opening up new prospects, because we are sure that IFAD's wealth of knowhow, experience and human resources in this specific field will help to mobilise this new experience of South-South cooperation, giving the projects the maximum socio-economic impact.

Turning to another matter, Mr. Chairman, I should like to express my country's pleasure at two issues which the President of IFAD mentioned in his address to this session. On the subject of the conclusions of the International Panel on Investment Strategies to Combat Rural Poverty, recently held in Brasilia, we note that the argument put forward by the Argentine Delegation on various occasions has been accepted, namely, that taking the per capita GDP as the sole indicator for granting loans is inadequate to provide an understanding of the situation of the rural populations in the Latin American countries.

In conclusion, I should like to congratulate IFAD for its decision to embark on a process of decentralising its agricultural applied research and training activities, entrusting them to national institutions of acknowledged prestige in developing countries. Argentina is willing to cooperate actively in this process and we have no doubt that Argentina's high academic and scientific standards will ensure that cooperation in this field will be very beneficial to our brother nations in the developing world.

Thank you, Mr. Chairman.

Statement of the Governor for Austria

Mr. Chairman,

We are able to look back at ten years of successful operations. Austria would like to present its congratulations on this anniversary. When the Fund was established with the aim of improving the living conditions of the rural poor in developing countries, one knew the needs of the target groups, but did not have much experience in this specific part of development assistance. Today, after ten years of IFAD's work, we can say that IFAD has addressed the problems facing the rural poor effectively, not only by its own lending, but also by initiating projects financed by other donors. Beyond that, IFAD has raised sensibility to the problems of its target group. Bilateral and multilateral donors increasingly recognise the importance of domestic food production as a basis for overall economic development. In the discussions about the design of structural adjustment programmes, IFAD has proven its role as a representative of the poorest. With all the successes on the operational side, it is hardly understandable that the resource basis of the Fund has decreased to an unacceptably low level in the Second Replenishment, but I will come back to funding later.

We warmly welcome Trinidad and Tobago as a new Member, further expanding the role of middle-income countries in the Fund.

In 1987, we have witnessed considerable changes in the world economy. On the positive side, I would particularly emphasise the tremendous efforts of low-income developing countries to adjust their economic structure to changing needs. Among these efforts, those aiming at improvements in the agricultural sector are the most important ones for these economies. We have to commend many governments in low-income countries for the bold steps they have taken. Developing countries' governments have certainly done more than industrial countries to place the agricultural sector on a sound footing. Many developing countries have provided their agricultural sector with a basis for export by adjusting exchange rates and prices. It is now incumbent on the industrial countries to abolish export subsidies and other trade barriers hampering the agricultural exports of developing countries. This correction of exchange rates and prices has very often meant increasing the cost of living also for low-income groups. IFAD and other donors should aim at easing the burden of the poor.

Policy adjustment in the agricultural sector will need continued support by international institutions as well as donor countries. Multilateral institutions need sufficient funding in order to provide advice as well as financing to support the reforms they suggest. Looking at the size of the International Development Agency as well as the outcome of the replenishment of the African Development Fund, it is evident that the donor community is aware of this interdependence and also willing to provide the necessary funding. We hope that this positive spirit will also guide the coming negotiations for the Third Replenishment of IFAD's Resources.

I believe that a fruitful policy dialogue has to form the basis for the cooperation between developing countries and multilateral development institutions. This dialogue should be used to define the role of the multilateral institutions in the country's development and to shape the lending programme jointly. IFAD is an organisation with a high reputation in its field of activity. It should therefore play a considerably larger role than it has so far in the policy dialogue focussing on issues of the agricultural sector, particularly on questions of food production and supply, access to credit for smallholders, landless people and women. An advisor without funds will hardly be given the proper place at a negotiating table on policy issues. Therefore, the donors of IFAD have to provide it with adequate funding.

We believe that with its experience, IFAD is well suited to look at distributional aspects of adjustment measures and to avoid putting a disproportionately large share of the adjustment burden on the poor. Therefore, we consider it essential to provide IFAD with the resources which would enable it to play a major role in its special field of activity. We think that the Third Replenishment of IFAD's Resources has to be considerably larger than the Second Replenishment together with the Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification. With regard to this Special Programme, I regret that Austria has not been able to contribute directly to it, but would like to repeat our interest in providing cofinancing for projects in sub-Saharan Africa.

Before turning to issues related to the Third Replenishment, I would like to suggest that annual programmes should make full use of the resources at the disposal of the Fund instead of building up carry-overs. A lower level of reserves could also increase the pressure on donors.

As the problems related to the Third Replenishment are the major issues, I want to concentrate my further remarks on them.

To achieve substantially higher amounts of contributions will surely require a lot of flexibility on the part of all categories in the negotiations of a Third Replenishment. One purpose of replenishment negotiations is to discuss burden-sharing in the light of the economic development of donor countries in the course of the replenishment period. Although it is our common interest to maintain the unique structure of IFAD, we have to acknowledge the fact that the economic and financial position of Member Countries has changed considerably since the creation of IFAD. To ignore these changes implicitly means accepting a further shrinking of IFAD's lending. As the general discussion of development assistance more and more recognises the need to support rural low-income people, to address the social problems of rural populations, to provide these people with access to credit and to pay attention to the role of women in rural development, we have to strengthen IFAD and cannot watch it shrink just because we continue to stick rigidly to outdated contribution formulas. As outlined in my last address to the Governing Council, I believe that we should be flexible with regard to adjusting contributions to present economic circumstances and accordingly allow some adjustments also in voting power - of course using a cumulative consideration as a basis for calculation. Although I believe that the voting power of donor countries should, to a certain extent, be linked to the size of their contributions, I can understand that in order to maintain the three category structure, special arrangements have to be envisaged. For increasing voluntary contributions, Category III countries should also have an increased influence.

We continue to believe that a large part of the Third Replenishment should come from an agreement on burden-sharing between Categories I and II. However, Austria is prepared to pursue any arrangement to multiply the contributions of Category III countries by funding from other categories. We believe that the voluntary nature of any contributions from Category III countries should be kept to a minimum. With regard to the size of the next replenishment, we consider one billion dollars for a four-year replenishment as a minimum. We strongly hope that the negotiations on the Third Replenishment will proceed quickly and be concluded soon.

Finally, Mr. Chairman, let me congratulate President Jazairy and his staff for the excellent work they are doing despite the problems with which the institution has to cope. I hope that the Third Replenishment will provide IFAD with the appropriate funding to ensure growth for the institution and assistance for the rural poor in the world.

Thank you, Mr. Chairman.

Statement of the Governor for Benin

Mr. Chairman,
Vice-Chairman,
Mr. President,
Distinguished Governors,
Excellencies,
Ladies,
Gentlemen,

I am very pleased to address this Eleventh Session of the Governing Council of our institution: to express, first of all, our gratitude to the retiring Chairman and Vice-Chairmen for the understanding and initiative with which they unfailingly acquitted themselves of their responsibilities throughout their term of office; secondly, to congratulate the incoming Chairman and Vice-Chairmen on their well deserved election. They have already demonstrated their mastery, efficiency and practical spirit in chairing our debates, assuring us of a successful outcome to our deliberations; and lastly, to extend the greetings of the central government of my country, and the gratitude of our peasant masses.

IFAD's work to attain its statutory objects responds very effectively to the aspirations of the peasants in the Third World, and particularly the countries of sub-Saharan Africa. Our institution has taken on board the essential aspect of economic policy in the Third World: the attainment of food and nutritional self-reliance for the whole population by improving productivity. This goal can only be attained by raising the production of foodstuffs and by guaranteeing supplies to our agro-industrial processing facilities, and by exporting our cash crop products.

After ten years existence, it is clear that IFAD has not failed in its mission, even though not all countries are wholly satisfied. Agricultural projects have been financed in many countries, helping thousands of men, women and children to meet their basic needs, namely, food, clothing, a home, health care and education.

Yet the record has not been attained when one thinks of the food deficit caused by constant drought and desertification.

In view of this situation, I urge His Excellency the President of IFAD to revise upwards the target for the Special Programme for the countries of sub-Saharan Africa which always fall prey to disasters. By so doing, IFAD will be making an effective contribution to the successful attainment of food and nutritional self-reliance, which underpin the social and political stability needed to build up an independent and prosperous economy to serve the people.

Mr. Chairman, I should like to take this opportunity to say that I trust the work of this session will help to consolidate past achievements by increasing the capacity to finance more projects. To this end, we must all do whatever we can to save our Fund from the evils which are undermining the other United Nations institutions, namely:

- the deteriorating climate of international cooperation, which is a sign of the selfishness of certain countries;
- the failure to lighten the debt burden of the poorest countries; the continual deterioration of the terms of trade, etc.

Mr. Chairman, Distinguished Governors, I cannot conclude my address without extending to you on behalf of the Central Government of my country, and on my own behalf, our very best wishes for good health, happiness and above all understanding of the need to step up multilateral cooperation.

As far as the Fund is concerned, we fully hope that the loans which will be granted to the developing countries over the coming financial years will be considerably increased, as a sign of our devotion to the cause of our peasant peoples. I wish to take this opportunity to thank the President of our institution, whose understanding during all the negotiations has always been marked by friendship and realism.

Long live international solidarity at the service of peace!
Long live the International Fund for Agricultural Development!
Long live the rural world!

Statement of the Governor for Brazil

Mr. Chairman,
President of IFAD,
Distinguished Governors and Alternates,

On behalf of the Brazilian Government, I wish to express our deep appreciation to His Holiness the Pope John Paul II, the President of the Council of Ministers of the Italian Republic, the President of the People's Republic of Bangladesh and the President of the Republic of Zambia for being present at IFAD's Eleventh Session of this Governing Council. Their renewals of confidence in multilateral institutions and appeals for greater cooperation among developed and developing countries were very inspiring messages delivered to the international community. We fully agree with Pope John Paul II that the slogan "development is the new name of Peace" remains valid today and that a genuine understanding will not be possible unless "the most developed societies concretely assist the development of the most disadvantaged."

Brazil has traditionally supported multilateralism and has developed very close ties with IFAD since its inception. As a developing country facing severe economic difficulties and struggling to enhance the living standards of its people, Brazil is deeply committed to IFAD's goals of eradication of rural poverty and alleviation of suffering among the poorest. The closeness of these ties was recently reaffirmed by the Brazilian participation in the celebrations of IFAD's Tenth Anniversary. Last December an International Panel on Investment Strategies to Combat Rural Poverty was held in Brasilia, in cooperation with the Governments of France and The Netherlands.

With deep interest, Brazil has followed last year in the Executive Board, the negotiations of the High-level Intergovernmental Committee related to the future basis and structure of the Fund. We agree that the long-term negotiations must proceed and that a Consultation on the Third Replenishment of IFAD's Resources be established. We welcome both resolutions submitted by the Committee to this Council and will be pleased to participate in the discussions of the Consultation.

As stated by our Delegation at the Tenth Session of the Governing Council, the Brazilian Government believes that the contributions in non-convertible currency can greatly improve South-South cooperation. Having committed part of its contribution in national currency, Brazil is, therefore, prepared to support the principle contained in the Resolution on the Mobilisation and Use of Non-convertible Currency Contributions. We believe, nevertheless, that this issue could be further discussed in order to accommodate difficulties faced by a number of countries.

Taking into account that the Executive Board has already recommended that the Twelfth Session of this Council be convened in January 1989, my Government may offer its support, on an exceptional basis, to the proposals to suspend Rule 2 of the Rules of Procedure and to extend the term of office of the President of IFAD.

Lastly, Mr. Chairman, we wish to extend our warm welcome to the Republic of Trinidad and Tobago as a new Member of IFAD from our region.

Thank you, Mr. Chairman.

Statement of the Governor for The Comoros

Mr. Chairman,
Mr. President,
Distinguished Delegates,
Excellencies,
Ladies and Gentlemen,

I cannot begin my address without extending the thanks and gratitude of my Delegation to the President of the Italian Council of Ministers and the Italian people for the welcome and the facilities with which they have provided us in this host country.

I also wish to congratulate you, Mr. Chairman, for your well-deserved election to the chairmanship of the Council. Your experience is a guarantee that our work will be successful.

I am also pleased to express the sincere congratulations and best wishes of the Government of The Comoros to Mr. Idriss Jazairy for his efforts to make IFAD more operational and effective.

The Eleventh Session of IFAD's Governing Council coincides with the Tenth Anniversary of the institution. For this reason, we are in a position to take stock of its ten years of activity (geared to fostering agriculture and combatting famine, malnutrition and poverty in the world, and particularly in the developing countries) and then to update our stocktaking by evaluating the technical and financial contributions which IFAD has made to these countries. The Islamic Federal Republic of The Comoros, which is a member of the Group of Less Developed Countries (LDCs), is a recipient of IFAD's agricultural development aid; this is why I wish to express my gratitude to this great institution on behalf of my Delegation. The Islamic Federal Republic of The Comoros, an insular land, is faced with enormous economic, financial and demographic problems.

Indeed, the archipelago, which comprises four islands, is faced with a spiralling population growth which now stands at 3.3% a year, outpacing the increase in agricultural production, which is estimated to be 2% a year. This means that the gap between food production and the country's food needs is growing all the time. The food deficit is being offset by imports, which cover 50% of the country's food requirements.

These imports, which are financed by receipts from our four basic commodities (vanilla, cloves, essential oils and copra) are becoming increasingly costly to the State because of the deterioration in the terms of trade.

Mr. Chairman, in addition to the worsening terms of trade, which considerably reduces government income, there is also the fact that our products are facing stiff competition from synthetic products whilst sales are slumping, which is seriously damaging our economy, particularly with the fall in export earnings, the decline in budgetary receipts, the inability to service our external debt, cuts in our investment programme and the inability to pursue the execution of ongoing projects.

Under these circumstances, The Comoros must be helped to develop its agriculture which accounts for 40% of the GDP and is the main source of income for the rural people. What needs to be done is to implement an integrated agricultural development programme, with the following main objectives:

- stabilizing the rural population, which represents 77% of the country's total population;
- improving rural health care;
- protecting and rehabilitating farm lands;
- protecting and improving water supplies;
- reforestation and replanting of woodlands;
- protecting and raising fuel wood, timber and fodder resources;
- improving marketing facilities.

Once these objectives are attained, it will be possible to work towards the following secondary objectives:

- crop diversification;
- increased foodcrop production;
- improved food and healthcare;
- increased export crop production;
- developing artisanal fisheries;
- industrialisation and urban development.

If this programme is to be carried through, substantial international support will be required and IFAD's technical and financial aid will be necessary under the Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification.

IFAD has already contributed to the agricultural development of The Comoros by financing the livestock project and planning the activities of the agricultural system.

Its intervention within the framework of integrated agricultural development will help to boost the aforementioned programme.

Thank you, Mr. Chairman.

Statement of the Alternate Governor for Egypt

Mr. Chairman,
Mr. President,
Distinguished Governors,
Ladies and Gentlemen,

I am delighted to address you on this happy occasion. Let me start my statement by extending our sincere congratulations to all the staff of IFAD on the occasion of the Tenth Anniversary of the establishment of the Fund which, notwithstanding intractable problems confronting the world in general and international organisations in particular, undertakes its task in such an optimum manner that it has become a landmark in agricultural investment.

In this context may I express my heartfelt appreciation to Ambassador Abdulmuhsin Al-Sudeary and Mr. Idriss Jazairy for their excellent and remarkable performance in the management of IFAD, out of their firm conviction of the Fund's humanitarian mission. I have also the pleasure, Mr. Chairman, to congratulate you and your Vice-Chairmen for your election, and wish you all every success. We are confident that under your stewardship and with your cooperation, the Council will successfully conclude the discussions on the agenda.

Mr. Chairman, Ladies and Gentlemen, it gives me great pleasure to participate in this important session of the Council on the occasion of the Tenth Anniversary of the establishment of IFAD which has become a distinct milestone in international investment and whose chief objective is focussing on the production needs of small farmers. In this connection, we contend that the Fund has fulfilled its commitments as best it could. Since its establishment, for the past ten years, the Fund has sponsored numerous projects and granted aid and contributed in accordance with its available potentialities with a view to alleviating the burden and misery of the hungry poor in the world. Let me point out here that this is very much in line with our objectives in Egypt where the welfare of small farmers is one of our development objectives. The State guarantees them their right to determine their future and progress, and at the same time the Government is gradually lifting all the restrictions that hinder the farmers' activities, so that they may attain their ambitions.

Mr. Chairman, we in Egypt attach great importance to the agricultural sector for its pre-eminent role in our national economy and planning. This fact is proved by the number of projects implemented for vertical development, land reclamation and irrigation and drainage rehabilitation, notwithstanding the bottlenecks and constraints on agricultural development as a result, sometimes, of the grave world economic situation and deterioration of international trade conditions and the widespread trend of protectionism with their adverse effects on the economies of developing countries. The situation has been aggravated by the onerous debts of developing countries plus the fact that their resources have been taxed to the limit. Well, these sombre facts call for the necessity of cooperation between developed countries and international funding institutions on the one hand and developing countries on the other, for a rational dialogue, excluding political "outbidding" and manoeuvring, in order to reach a permanent and root and branch solution of this thorny problem and thus protect the rights of developing countries and sustain their aspiration for the procurement of food and basic services and attain political and social stability.

Mr. Chairman, the current quinquennial plan (1987-1992) in Egypt focusses, by and large, on a series of measures to achieve specific objectives whereby the agricultural sector will have a role to realise these objectives within the context of overall socio-economic development. Without going into further details, these objectives may be classified into two groups:

(i) productivity and economic sufficiency of agro-economic resources to increase the food security standard and volume of agricultural exports;

(ii) distribution of the returns of agro-economic activities to ensure an equitable distribution of incomes among production components commensurate with the degree of their participation in achieving these returns and in accordance with the components of equitable distribution of incomes as determined by the community.

As a matter of fact, IFAD has performed a pilot and pioneer role since its establishment by pursuing a number of such objectives in Egypt - through its sponsoring of three projects of integrated agricultural development. We look forward to the expansion of this sector, owing to the importance of financing and agricultural investments to attain equilibrium and redress the food production gap. Given the small size of farmlands in Egypt and farmers' meagre economic capacity, any type of financing - whether self or an external one - is deemed crucial for fulfilling urgent requirements to achieve the objectives of agricultural production.

Ladies and Gentlemen, after going through the documents of this session of the Governing Council, we approve the financial statements, the Programme of Work and the Budget, for the recommendations in these documents are characterised by rationality and practicality. We also declare our full satisfaction with the excellent efforts exerted to make the Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification a tangible fact. We express our appreciation to the Members who have generously contributed to the Second Replenishment and the Special Programme. At the same time we emphatically appeal to those countries, who have not yet contributed, to fulfil their commitments at the earliest possible convenience to enable the Fund to go ahead more expeditiously with its task of relieving the suffering of the targeted segment of the population, i.e., the rural poor.

Ladies and Gentlemen, being convinced how vital and crucial the Fund's role is, we have from the start striven to maintain permanent contact with the Fund. This special relationship between Egypt and IFAD has benefited Egypt in agricultural development both economically and socially. While we look forward to closer cooperation with the Fund, we leave all the avenues of contacts and positive participation wide open to surmount food production problems, which is the biggest challenge of our time.

Thank you, Mr. Chairman.

Statement of the Alternate Governor for Guyana

Mr. Chairman,
Your Excellencies,
Distinguished Delegates,
Ladies and Gentlemen,

Mr. Chairman, may I first of all offer my sincere congratulations to you on your election as Chairman and also to the Distinguished Vice-Chairmen. My Delegation is confident that under your wise leadership, the affairs of the Governing Council will be conducted to the total satisfaction of all Members of the Council. May I also offer my sincere thanks to the host Government for the generosity of its welcome, and the excellent arrangements which have been made for this Eleventh Session of the Governing Council. Our thanks also to the Secretariat and to all those who have laboured to make this conference a success. May I also take this opportunity to warmly welcome our new Member, the Republic of Trinidad and Tobago.

Mr. Chairman, we meet at a time when all countries have suffered in varying degrees from the economic recession. Even in the developed world there has been a modest economic decline and for them, an unusual degree of unemployment. But for the developing countries like Guyana, the effect on our economies has been significant. Indeed, the irony of our situation is, that even in the best of times, when the economies of the developed world are strong and vibrant, for us in the developing world, it is more or less, business as usual. The reasons for this are obvious. We have, over time, pointed out the inequities of the terms of trade, the rise in the cost of manufactured goods, and the decline in the price of primary products. We have pointed to the decline in development assistance, and to the difficult terms under which we get whatever assistance is available. Cane sugar, on which many of us depend for foreign exchange earnings, is a good example of how countries like Guyana have suffered as a result of the inequities of the terms of trade coupled with a falling world demand and the introduction of other sweeteners based on advanced technology, controlled methods of production and protected markets.

Developing countries require trade, not aid, and financial assistance based on the realities of the economic system. But all the negative factors have combined to cause us to have great difficulty in seeing the light at the end of the economic tunnel. The external debt of the developing world is staggering, and it would seem to me, that unless something can be done to make it possible for our countries to embark on a path of sustained economic growth, that whole system will suffer.

There is no longer a theory of interdependence. There is a fact of interdependence, and the world economic system needs to respond to this reality. There can be no value in producing goods and services if there is no one able to buy them. That is why, in spite of the disheartening history of the North/South dialogue, we must continue to try to work together, if not because it is right and just, at least because it responds to the self interest of all countries.

But Guyana believes even more that we must pay close attention to South/South relations. It is for the developing world to work together, to pool their resources and expertise in the common right to bring about economic and social justice for our people. In this ongoing struggle to provide our people with the goods and services which is their right, organisations like IFAD have played and continue to play a significant role.

Guyana has nothing but the greatest respect and admiration for IFAD. It is IFAD, more than any other organisation, which has made it possible for assistance to be given to developing countries in the field of agriculture and food production. In my own country, Guyana, we have had a most fruitful association with IFAD, and the Government and people of Guyana pay tribute to the exemplary manner in which assistance has been given, the only requirement being that the people, the farmers and workers, should benefit as a result of the assistance given.

The recent IFAD loan agreement with Guyana represents another instance in the Fund's continuing efforts to improve the well being of the rural poor in developing countries. But Guyana is only one instance of this. The record of massive assistance given by IFAD to Africa, for example, is a shining example of IFAD's commitment to raising the standard of living, of providing food and a better way of life for those who are most in need.

IFAD, therefore, needs every assistance if it is to carry out the task which it has set for itself. It must be free to do the job for which it is so admirably suited. And while it is necessary and required that there should be control mechanisms, it is our hope that the intention will be to use the controls to aid the process of assistance and not to put road blocks in the path of this assistance.

Equally, it is clear that IFAD must be given the financial tools with which to do the job. It was heartening to hear of the decisions by some developed countries to increase their financial support for the special programmes of IFAD. It is our hope that developed countries may find it possible to increase even more their general support. Equally, it is the duty of us all to honour our obligations to IFAD. Developing countries are in a desperate economic situation, but even so, it still remains our duty to help IFAD to help us, by seeing to it that our pledges are not idly made. Guyana accepts its responsibility to IFAD and will make every effort to fulfil its responsibility.

As we celebrate the Tenth Anniversary of IFAD, we look to the future of this organisation with faith and confidence. We do so because the record is so good and so clear. What is equally clear is that at least in IFAD, all countries large and small, rich or poor, have been able to work together for the common good. This is an example of North/South cooperation which hopefully one day may be repeated in the world economic system. Perhaps then we may establish a world of social and economic justice.

An organisation is often a reflection of its leader, and IFAD is indeed a reflection of its President. The developing world owes a tremendous debt of gratitude to President Jazairy. His vision and foresight have enabled IFAD to earn an honoured place among international institutions. Guyana pays tribute to President Jazairy and pledges its support to IFAD as it continues to serve the needs of the world's poor, and by extension, mankind as a whole. It is our hope and expectation that the world community will give IFAD the help it needs to carry out the tasks which have been set.

Thank you, Mr. Chairman.

Statement of the Permanent Observer for the Holy See

Mr. Chairman,

"Even though IFAD is a recently established institution, this has not prevented it from taking on a major role in the wide-ranging effort of solidarity undertaken by our countries in this second half of the Twentieth Century" (John Paul II, 26 January 1986).

By making a personal visit to IFAD yesterday, on January 26th, accompanied by Cardinal Casaroli, Secretary of State, and the leading members of the Government of the Church, which is the Holy See, Pope John Paul II intended to draw particular attention to his interest in this new world-wide international organisation, which is celebrating the tenth anniversary of its foundation on 17 December 1977, as the sixteenth specialised agency in the United Nations system. It is, indeed, a new intergovernmental organisation with a universal vocation, as shown by its 142 Member States, whose official representatives, known as "Governors" using specific banking terminology, have been convened to attend its Governing Council. It is an organisation which is committed to world-wide multilateral cooperation, to mobilise and use financial resources for projects and programmes designed to bring concrete aid to the poorest people; to assist small farmers without land or sufficient financial and technical resources to improve their agricultural activities, in order to develop agriculture and increase food production in the most backward countries, which are in greatest need of support for their self-sustained development. For these reasons, IFAD, as John Paul II emphasised, "occupies a specific place among the international institutions which now characterise the life of nations", and which has taken on "a major role in the development of the international community in peace and solidarity" in a short space of time.

Encouragement from the beginning

Through the Pope's presence and words yesterday, the Holy See has confirmed its appreciation of and support for IFAD. This support was given when the proposal to establish the Fund was first broached. Indeed, the Holy See favourably viewed and encouraged the proposal that emerged, in an as yet undefined form, from the World Food Conference convened by the United Nations in Rome in November 1974. By making a token, but meaningful visit to that Conference before it adjourned, Pope Paul VI intended to give his encouragement to the Member States of the international community to build "an organised international system" that would contribute towards making a decisive improvement to the world food situation, and to have a more decisive impact on combatting hunger and malnutrition.

The preparatory phase and the establishment of IFAD

The Representative of the Holy See was able to play an active part throughout the preparatory phase, which comprised a series of meetings, proposals and projects, from 1974 until 1977. The Holy See showed great interest during the process of maturing the regulations and the fundamental criteria of justice from which the organisation takes its inspiration. IFAD was established at the Conference of Plenipotentiaries in Rome, culminating in the Final Act dated 13 June 1976. It actually commenced operations when the Agreement Establishing IFAD came into force on 13 December 1977.

IFAD's characteristic policies

IFAD has the special merit of having drawn up its constitution according to the very criteria of international justice and solidarity that have been reiterated so insistently in the Magisterium of the Church from John XXIII to Paul IV, and down to the latest statements made by John Paul II. The Agreement Establishing IFAD constitutes an absolutely novel and exemplary approach to the new relations between the wealthy and industrially advanced countries and those which are experiencing great difficulties because of their backward agricultural development and food shortages. IFAD's institutional structure and operational criteria constitute an exemplary and original way of implementing the principles and rules of international solidarity.

Criteria and commitments for contributing to IFAD's resources

IFAD's principal merit is having established new criteria of justice in solidarity regarding the contributions requested of the Member States in constituting and replenishing the Fund's resources. The Agreement Establishing IFAD requires each Member State to contribute in proportion to the real wealth of each country. The Agreement Establishing IFAD lays down the procedure for establishing the contributions of the Member States in terms of its distinctive internal structure in which the Members fall into three categories. This institutional structure lays down a distinctive kind of contribution, firstly, by establishing that all the OECD countries, comprising Category I, and the OPEC countries, comprising Category II, should make a roughly equal contribution. The Category III countries, on the other hand, make a very small - practically a token - contribution. But while Category I and Category II countries are required to contribute on the basis of rough parity, each category is required to establish the contributions of each Member State in the category under an agreement which is drawn up each year to take account of their respective real current levels of economic and financial prosperity.

This introduces two novel ways of collecting contributions. First, the contribution of each country varies according to their state and the possibilities of each one, thereby implementing the criterion of requiring each Member State to take an equal share of the burden. It should also be noted that the contributions of each Member are no longer considered as a spontaneous offer, or even as voluntary contributions that might be changed, but as contributions they are duty-bound to make as Member States by virtue of a binding statutory commitment. It is certainly not of secondary importance that countries have thus been called to exercise their responsibilities by imposing a clear-cut binding duty of solidarity on them, to ensure that their aid is genuinely disinterested and untied, to foster stable and guaranteed cooperation that is not subject to changeable and sometimes contradictory conduct on the part of governments. But at a time in which, unfortunately, there is a growing tendency on the part of the most advanced countries to side-step their duties and avoid undertaking precise commitments, the wealthier countries are being required to measure up to their responsibilities.

A decade of funding

IFAD's particular structure and praiseworthy criteria and policies are evidenced in the operational phase. During its first decade of operations, 1977-1987, IFAD committed about US$ 2.5 billion to a wide range of clearly-targeted funding operations. Under IFAD's financial plan, structured into three-year periods followed by the so-called "Replenishment of the Fund", the resources that are available from the contributions of the Member States following the typical criteria referred to above, have been allocated for operations. The contributions paid in by the Member States at the moment of ratification of accession to the Agreement Establishing IFAD, totalling over US$ 1 billion, were used for operations during the first three-year period, 1977-80. In the second period, 1981-84, contributions of just under US$ 1 billion paid under the First Replenishment were used. During the third three-year period, 1985-87, the contributions under the Second Replenishment totalled almost US$ 500 million. It should be noted that a number of IFAD-initiated and cofinanced operations have also been carried through, in accordance with IFAD's objective of mobilising "additional resources" to develop agriculture and increase food production.

During its first ten years of life, IFAD has financed a total of 194 clearly-defined projects being implemented in 89 developing countries, which have been amply documented in the Annual Report 1987 placed at the disposal of everyone attending this session of the Governing Council. Of these, 140 are the so-called cofinanced projects, which are the ones executed with the contribution of other institutions, initiated by IFAD, and especially with the support of the World Bank and other financial institutions connected with regional intergovernmental organisations. Fifty-four of the projects, on the other hand, were financed and executed by IFAD alone. Over this ten-year period, IFAD has been showing a marked preference for exclusively IFAD-initiated projects. During the period 1977-1986, the projects and programmes were implemented following a balanced distribution between geographic regions according to their degree of urgency: sub-Saharan Africa has benefited from the most projects, numbering 80; Asia, 53; Latin America and the Caribbean, 37; and the Near East and North Africa, 24.

Distribution of resources on variable terms

What I should like to stress most particularly, however, is the fact that IFAD's resources are distributed according to another particularly distinctive criterion. Loans are made available on terms and at interest rates which are related to the borrowing country's real possibilities, taking account of the state of their economy and the level of backwardness of their agriculture. Typical of IFAD's lending system, which distinguishes it from that of the other intergovernmental institutions, is that when loans are granted, the repayment period and interest rates are tailored according to the borrowing country's level of prosperity or needs. It therefore provides "highly concessional" interest-free loans, with a 50-year maturity period, "intermediate loans" with a 4% annual interest rate and a maturity period of 20 years, and "ordinary loans", with an interest rate of 8% and a maturity period of between 15 and 18 years.

In addition to loans, IFAD also supplies non-repayable "grants" which may not exceed one-eighth of the total resources committed annually for operations. In 1979-86, grants totalling over US$ 100 million were supplied in the form of technical assistance, for designing projects, research and vocational training. This approach, which is typical of IFAD, is exemplary at the present time when heightened concern for the growing indebtedness of the developing countries is making it increasingly necessary for all forms of development financing by banks to be governed by the ethical principles that a universal approach imposes. It is necessary to avoid creating external indebtedness due to exorbitant interest rates, to the extent that they curb self-sustained development and hamper the developing countries' path towards economic independence.

Participation and open cooperation

Another expression of internal solidarity, enshirined in the Agreement Establishing IFAD, are the cooperation opportunities offered to all the Member States, including the developing countries themselves who also contribute to the resources of the Fund, albeit to a very small extent. All Member States are given the chance to play a real part in drawing up general policy and choosing the projects to be financed. This also makes it possible for everyone to monitor fair geographic distribution in the neediest continents and regions of the world, and the choice of the recipient countries. Pursuant to the Agreement Establishing IFAD, and its Lending Policies and Criteria, when choosing recipient countries, precedence has been given to low income countries - around US$ 300 per annum - and food-deficit countries, who received 78% of IFAD's resources in the period 1978-86. The Less Developed Countries (LDCs) received 37.6% of IFAD's loans, precisely because of their tiny GDP, their limited industrial activity and their characteristically low literacy rate.

More aid is being channelled to the poorest people

But above all, I should like to point out that the objects for which IFAD was originally established have become increasingly clearer through IFAD's operations over the past ten years. The primary areas for IFAD's activities are rural development (accounting for over 28% of its loans), agricultural development in the strict sense of the term (with about 20% of its capital committed in such operations), and about 17% in credit. According to the policies that IFAD has now established, the institution not only supports the most backward countries but it focuses on giving aid directly to the poorest rural people themselves. In the Lending Policies and Criteria there is a very original principle: IFAD only finances programmes and projects that foster the redistribution of wealth within the recipient country, and provide proportionately larger benefits to the poorest segments of the population, compared with other groups. To make sure that this result is obtained, IFAD has realized that it is advisable to act directly on the poor, individually and in groups, and this has been done increasingly, particularly in operations being implemented solely by IFAD.

As time has passed and more experience has been gained, a new type of approach to combatting hunger has emerged, using operations which are designed to tackle radical poverty as the deep-seated cause of backwardness and failure to develop. Typically, IFAD begins with the bottom strata of the population, as the means of ensuring that the overall process of orderly and ongoing growth of the country, and all the countries in the region and in the world, is set in motion on a more secure footing. Poverty viewed not only as the privation of the resources which are vital to existence, but also as a limited capacity to work because the necessary conditions and facilities are lacking, is therefore being tackled using forms of direct aid to individual small farmers. The loans which IFAD supplies are therefore designed to procure the facilities and services that the small farmers, artisanal fishermen, shepherds, landless peasants, livestock farmers and those who work in forestry and forestry products need, so that they can apply their skills more effectively, and increase their performance, to become more enterprising, to broaden their employment possibilities, to increase their farm incomes and, at the same time, improve their nutritional levels by consuming their own products themselves. By giving aid directly to the poor, individually or in groups, the country's overall production tends to rise, the process of self-sustained development begins, and the economy improves. But the resources required to enable the farm workers to reach this level of production efficiency are not those which are directly connected to production itself or marketing, but above all those which are channelled into providing them with education and project-linked vocational training, and consulting and research services.

Typical rural credit and village solidarity projects

In the course of its operations over the first ten years, IFAD has been gradually establishing yet another way of implementing the criterion of providing aid directly to the individual small farmers. It is a most praiseworthy specific type of "rural credit project" which gives access to credit to individuals who are unable to offer the usual guarantees required by banks. The financial resources placed at the disposal of IFAD are used to enable farmers to meet their particular need to obtain adequate credit facilities, promptly and at moderate rates of interest, so that with these small, but essential loans they can immediately procure the tools and facilities they need to take the initiative themselves. Looking at the projects that have already been approved, or are at an advanced stage of execution, it appears that this process of providing direct aid to individuals is all the more effective when it is arranged through groups of small farmers and artisanal fishermen, or land and forestry workers. This creates group solidarity - which takes the form of small undertakings, particularly those run by the farmer's own household - which can even lead to a village creating forms of self-management which can be based on their traditional village structures. In this way, many new forms of participation in ventures and common decision-making are created, under which the local energies can be used more realistically. By so doing, the people concerned are directly involved, as has always been advocated and deemed necessary, not only in the implementation phase of the agricultural development and food projects, but also in designing them.

On the eve of a new positive decade

When one surveys these typical features of this new, and well-established organisation which specialises in providing financial support to ventures for the poorest farmers as enshrined in its constitution, the wide-ranging financial programmes it has implemented, the objectives attained during this decade, the way it has more clearly defined the most opportune and efficient methods for attaining its specific objectives, one can well understand why John Paul II was led to proclaim in his anniversary address: "I am certain that drawing on its ten years of experience, IFAD will not fail to give its work a fresh boost, in the clear awareness of the humanitarian and social goals which its specific objectives are designed to attain". There are well-founded reasons for trusting that IFAD is about to embark on a new, positive decade. First of all, with a genuine readiness to carry out the reviews and introduce the changes which are necessary in view of the constant development of the world economy and the problem of international development cooperation, particularly with regard to the future of its financial base and the structures for the collection and replenishment of its resources, and the distribution of those resources. This being so, the Holy See renews its esteem for IFAD, and particularly for the positive work performed by its officials who are elected to the decision-making organs and appointed to the main areas of the organisation and management, confident that IFAD will be able to continue in the future to count on the concrete and generous participation of the Member States and their Governments which, as John Paul II said, "do not fail and will not fail to make their generous contribution".

Thank you, Mr. Chairman.

Statement of the Governor for Honduras

Mr. Chairman,
Excellencies,
Distinguished Governors,
Ladies and Gentlemen,

I should like to begin by extending a fraternal greeting to each and every one of you on behalf of the people and the Government of Honduras.

I come from a landlocked country in the very heart of Central America. From that narrow isthmus which links the two continental land-masses of the New World. From a country with a predominantly rural economy: agriculture accounts for almost 30% of the GDP and about two-thirds of the population and the labour force are rural people.

Mr Chairman, the Honduran Delegation would like to express its sincere thanks to IFAD for the projects allocated to Honduras. Since 1979, when the Western Region Rural Development Project (PRODERO) was approved, IFAD has strongly supported the Government's rural development efforts. A second loan was granted in 1982 for the Santa Barbara Rural Development Project (PRODESBA). IFAD is the second largest external financier of integrated rural development projects in Honduras. Our experience with PRODERO and PRODESBA shows that if groups of small farmers are organised with adequate technical assistance, they can introduce improved production techniques. Higher incomes, coupled with greater self-confidence in their self-sustained development capability constitute substantial benefits to these small farmer groups. Another major achievement has been the gradual way the farmers have come round to realising the need to protect the natural resources in their zones, particularly the soils and woodlands. Farming techniques disseminated under these projects have had a major impact on reducing 'cut-and-burn' practices which were threatening the project zone and a number of mountain valleys and highlands because of the demographic pressure. Increased yields and improved food supplies constitute one of the ways of gauging success, as does the creation of agricultural committees which enable the small farmers to solve local problems by pooling their efforts. As we have seen, the results of the IFAD-financed projects are extremely important and for this reason the Delegation of Honduras is interested in obtaining IFAD financing during 1988-89 for the execution of the Western Region Rural Development Prandero Project, and the DRISUR Integrated Rural Development Project for the Departments of Cholutec and Valle. Because of the extreme poverty in which the local people of these regions live, and their low purchasing power, the Honduran Government considers it a high priority area. The ongoing projects fit into a strategy which envisages a regional development structure in the national context, in order to step up the resource allocation process, and also to involve all the economic and social agents in the region, and enlist the democratic participation of the citizens. The Delegation of Honduras wishes to express its sincere thanks to the President of IFAD, his staff and the members of the Executive Board, for their tireless efforts to preserve IFAD as an organisation which is capable of helping the developing countries to raise food production, reduce malnutrition and curb rural poverty. These noble goals, which were laid down in 1977 when this institution was established, are just as valid today and my Delegation wishes to reaffirm its commitment to supporting IFAD's mandate.

Thank you, Mr Chairman.

Statement of the Governor for Indonesia

Mr. Chairman,
Excellencies,
Distinguished Governors,
Ladies and Gentlemen,

I am honoured to welcome and congratulate you for being elected as Chairman of this august Governing Council. I should also express my warm congratulations to the Vice-Chairmen, I am sure that under your wise and able chairmanship these deliberations will reach the most fruitful conclusion for the benefit of those countries which are seriously struggling for the improvement of their agricultural development.

While extending our cordial welcome and warmest congratulations to the Republic of Trinidad and Tobago for joining this organisation, I sincerely wish to express my appreciation for the fact that a number of most outstanding figures have addressed this Council at this session, which marked the Tenth Anniversary of the establishment of IFAD, and indeed were very inspiring for our deliberations, they are:

The Honourable Giovanni Goria, President of the Council of Ministers of the Republic of Italy;

His Holiness the Pope John Paul II;

His Excellency Hussain Muhammad Ershad, President of the People's Republic of Bangladesh;

His Excellency Abdelmuhsin M. Al-Sudeary, former President of IFAD;

His Excellency Dr. Kenneth David Kaunda, President of the Republic of Zambia and Current Chairman of the Organization of African Unity; and

Special Message of the Secretary-General of the United Nations, His Excellency Pérez de Cuéllar.

Mr. Chairman, my Delegation appreciates the Secretariat for having prepared complete and comprehensive documents and is happy to note the agenda items which are to be discussed and which are indeed very signficant to the present situation contemplated by the Member Countries, especially those of the developing nations.

We realised that the continuous worsening of the world economic situation today has, among others, hampered the functioning of IFAD in financing agricultural and rural development projects in the developing Member Countries.

This gloomy economic and financial recession of the world has certainly influenced the developing Member Countries, including Indonesia, due to the decline in oil prices and the prices of other primary commodities which in turn have had a serious impact on the financial capability of IFAD.

Mr Chairman, my Delegation highly appreciates the efforts made by President Jazairy to initiate future financial basis and structural improvements to IFAD.

My Delegation will join with other countries in extending their support to the extension of the mandate given to the High-level Intergovernmental Committee to accomplish their task. In this particular context, allow me to suggest that the deliberations of the High-level Intergovernmental Committee should concentrate in the near future on matters which have a specific direct impact on the Third Replenishment of the Fund, including the mobilisation of non-convertible currencies, as elaborated in document GC 11/L.6, Annex III.

On this solemn occasion, my Delegation would appeal to the Member Countries to be more flexible and show moral support in sharing responsibilities to contribute to IFAD, taking into account the economic difficulties that I have mentioned above.

Despite its economic and financial difficulties, Indonesia has made every possible effort to increase its contribution from US$ 1.9 million in the First Replenishment to US$ 6.9 million in the Second Replenishment.

This is merely due to our awareness that IFAD's operation's are aimed at boosting the improvement of rural welfare in the developing countries.

In addition, allow me to appeal to the Member Countries which have not yet deposited their Instrument of Contribution to the Second and previous Replenishment to IFAD to do so in the best possible way so as to facilitate IFAD's operations.

Mr Chairman, my Delegation appreciates and endorses the initiatives taken by President Jazairy in launching the Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification.

My Delegation compliments the African countries which acquire the benefits of this Special Programme and at the same time, pays a high regard to donor countries which voluntarily contributed to this humanitarian effort.

Mr Chairman, concerning the Audited Financial Statements of IFAD - 31 December 1986, my Delegation is proud to recognise the efficient management of IFAD, which in fact can save the Fund's expenditure more than US$ 4 million.

Referring to the Programme of Work and Budget of IFAD for 1988, my Delegation has the pleasure to support the proposal put forward by the Secretariat in this august meeting, and therefore endorses the draft resolution with regard to this matter.

Thank you, Mr. Chairman.

Statement of the International Federation of Agricultural Producers (IFAP)

IFAP appreciates the opportunity to address IFAD's Governing Council and, on the occasion of IFAD's Tenth Anniversary, has great pleasure in conveying its congratulations and very best wishes. A great deal has been achieved by you, a specialized agency of the United Nations, during your first decade. We are sure that in the next ten years you will continue to make a substantial contribution towards sound rural development in the Third World. We would like to assure you that the farmers of the world, through the International Federation of Agricultural Producers (IFAP), recognise the vital role IFAD plays and strongly support your activities and your efforts to obtain the urgently required funding.

IFAD and IFAP share a common aim. Both our organisations focus their endeavours on assisting small farmers in their self-help efforts to increase agricultural production and raise their standard of living.

IFAD uses projects to overcome the serious constraints facing small farmers, with special emphasis on raising food production. Participation by the target groups - usually small farmers - in the project is a major aspect of IFAD programmes. IFAP is the worldwide body of farmers' organisations and agricultural cooperatives with a membership of over 60 national level organisations in over 50 countries, nearly half of which are from the Third World. IFAP focuses its activities on promoting and strengthening farmers' organisations so that they can represent and serve the real interests of farmers, especially small producers.

So it is no coincidence that right from the outset, ten years ago, when your organisation was founded, IFAD and IFAP established and maintained close contacts. We have attended each other's main conferences and have kept in touch at Secretariat level. However, our really effective working relationship dates back to 1984, when in New Delhi you collaborated with us in our pre-Conference seminar for developing country farm leaders: "Agricultural Development Strategies and Pricing Policies in Developing Countries". So it was indeed very appropriate for IFAD and IFAP to join forces to pursue a subject of mutual concern as a follow-up of the 1984 seminar. The subject chosen: "Promoting Greater Farmer Involvement in Agricultural Development Projects and to Establish and Strengthen Farmers Organisations" was also appropriate as a major component of your Tenth Anniversary Celebrations. It was decided to jointly organise three workshops: in Kenya for anglophone Africa, in Tunisia for francophone Africa and in Nepal for Asia. Forty-four farm leaders from country-wide organisations, ten group representatives from IFAD projects, as well as representatives from national and international development agencies, government and project services and IFAD and IFAP Secretariat took part in the three workshops. Two days in each workshop were spent on the project sites and frank discussions took place with producers and staff. The four other days were occupied with exchanging views and experiences, drawing conclusions and adopting a report.

Ten days ago, here in Rome, two elected participants from each workshop together with the IFAD and IFAP Secretariat drew up and adopted the Consolidated Workshop Report. It will be printed and presented to you and to other people and organisations involved in rural development in about two months time.

May I anticipate the publication of the workshop report and already mention today some of the main conclusions reached by the participants.

The key message which came loud and clear from the workshops stresses that effective participation and involvement by small farmers in the whole project cycle and in the decision-making process is absolutely vital. How this can best be achieved was the main subject of the dialogue. It was recognised that the group approach has proved most successful in reaching small farmers. But it was also realised that the formation of small groups is only the first step in promoting farmer participation. Far more is necessary and active steps should be taken to encourage inter-group relationships leading to the formation of group federations and the establishment of links all the way up to the national level. Substantial benefits can thus be obtained through more effective representation of low-income farmers, a wider exchange of experience and ideas, stronger mutual support, pooling resources and obtaining economy of scale.

Workshop participants from farmers' organisations on their part recognised that more resources must be found and greater efforts made to develop more effective groups at the grass roots, especially at the project level, which can better represent and serve the small, low income farmer. While this has, to some degree, already been achieved in some countries, serious and well planned endeavours will have to be made and special attention paid to small holders, women producers and young farmers.

Dialogue should be followed by action and therefore to sum up: It appears that IFAD - and other development agencies - should move "upwards", which would mean working with farmers' organisations at the grass roots as well as with farmers' organisations right up to the national level. Clear directives to and good-will from funding and implementing agencies, including project missions, will be necessary to put this into practice.

On their part, country-wide farmers' organisations should aim to find more funds and resources enabling them to strengthen their structures at provincial, district, grass root and project level. This, which might be called a "downward" move, would make practical collaboration with development agencies at project level more successful.

The workshops have proved once more the importance of dialogue between all parties involved in rural development. The outcome was successful thanks to an atmosphere of collaboration prevailing where a frank exchange of experience was possible and where farmer representatives were treated as equal partners in the discussions and decision-making process.

Clearly this constructive and positive approach must be maintained and also applied "in the field". Perhaps everyone involved in projects and development should be reminded:

- build on what people already know;
- take account of what farmers say they really need and want;
- respect local customs and traditions;
- pay attention when farmers are reluctant to follow advice;
- do not regard peasants as ignorant or backward as their lifelong practical experience is often at least as relevant as the knowledge of experts.

In conclusion, IFAP would like to thank all those who made the workshops possible and such a success: the Finnish and Italian Governments who provided the funds, and all those who attended the workshops. Last, but certainly not least, we much appreciate the cooperation and understanding we received from our friends and colleagues in IFAD.

Thank you, Mr. Chairman.

Statement of the Governor for the Republic of Korea

Mr. Chairman,
Mr. President,
Distinguished Governors,
Ladies and Gentlemen,

On behalf of the Government of the Republic of Korea, I wish to express my warmest congratulations to you, Mr. Chairman, on your election to the Chairmanship. I am sure, Mr. Chairman, that your distinguished leadership will lead this Eleventh Session of the Governing Council to a successful conclusion.

I would also like to take this opportunity to express my sincere appreciation to the President of IFAD, Mr. Jazairy, for his outstanding leadership and commendable contribution to the strengthening of IFAD activities.

Ten years ago, the Agreement Establishing IFAD came into force with a view to mobilising additional resources available to tackle the problem of hunger and poverty in this world and thus, since its inception, IFAD has been assisting the rural poor in raising their own food production and improving the livelihood of small farmers.

Mr. Chairman, in spite of the increased supply and higher stocks of major food crops in the world as a whole, uneven distribution of food leading to starvation and malnutrition for the poor in low-income countries still exists and is waiting for more comprehensive measures and efficient cooperation between developed and developing countries.

During the past ten years, IFAD has done its very best to pursue the mandate and responsibility entrusted to it and must do even more to serve all the regions and all the countries of the Third World. In this connection, I would like to mention again the deep concerns expressed by the President with regard to the status of contributions to the Second Replenishment of IFAD's Resources, which needs the sincere cooperation of all those Members who have made pledges to the Second Replenishment to complete necessary actions to deposit their Instruments of Contribution and complete payments in due time.

I wish to commend the progress in cooperation, despite the economic difficulties of many donor countries, on the contributions to IFAD's Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification.

Realising the importance of IFAD's future financial basis and structure, my Delegation would like to pay a tribute to all members of the High-level Intergovernmental Committee and IFAD's Secretariat as well, for its constructive dialogue and progress made through the three sessions last year.

In this context, my Delegation welcomes the draft resolution, approved in the High-level Intergovernmental Committee, to set up the Consultation on the Third Replenishment of IFAD's Resources.

Mr. Chairman, IFAD has decided to hold a seminar on the generation and transfer of technology for small farmers in May 1988 under the sponsorship of the National Agricultural Cooperative Federation (NACFO) of Korea and I certainly believe that the seminar will be very beneficial to the project managers who are involved in the IFAD-financed projects, through the identification of the problems in technical improvement which suits small farmers in the developing countries.

Finally, I strongly hope the work of the Governing Council will produce a fruitful outcome for the future of IFAD and contribute to the betterment of the welfare of mankind, especially those who suffer from hunger and poverty.

Thank you, Mr. Chairman.

Statement of the Acting Governor for Lesotho

Mr. Chairman,
The President of IFAD,
Distinguished Delegates,
Ladies and Gentlemen,

My Delegation would like to join those who have congratulated you, Mr. Chairman, and your Bureau on your unanimous election to the office which will guide us through the deliberations of the Eleventh Session of the Governing Council of IFAD. We are confident that your well-known qualities will assist us to reach a successful conclusion. You can be assured of our total support and cooperation in your heavy responsibility.

Mr. Chairman, the occasion of this Eleventh Session of the Governing Council affords my Delegation a singular pleasure and opportunity to express to the President of IFAD, Mr. Idriss Jazairy, happy wishes for his good health. In the same breath we express our satisfaction at the way he, assisted by his staff, has directed all efforts against poverty, hunger and malnutrition. Lesotho therefore finds it fitting to assure him and his team of its continued support.

Mr. Chairman, this session marks the happy occasion of the Tenth Anniversary of IFAD's founding. Its significance is witnessed by the attendance of the prominent leaders of the world society of nations, from different walks of life. Inauguration of the Tenth Anniversary Celebrations by His Holiness the Pope John Paul II is a remarkable sign of solidarity by the Holy Father and the Church with the noble course of our organisation. The keynote speech by President Hussain Mohammed Ershad of Bangladesh, representing the Least Developed Countries, and the address by the Chairman of the Organization of African Unity (OAU), His Excellency Kenneth Kaunda, the President of Zambia, speaking on behalf of the impoverished continent, are a clear demonstration of the appreciation by the countries with crippled economies that IFAD is addressing their concerns and that their future depends largely on IFAD's ability to attract the required resources. Expressions of satisfaction by the Prime Minister of the host country, the Right Honourable Giovanni Goria, representing a group of developed countries, members of OECD, and the echoing of this chorus by Mr. Carlos Andrés Pérez, former President and current presidential candidate of the ruling party of Venezuela, representing OPEC countries, should be a living testimony for those who still doubt IFAD as a force uniting in a mysterious way the different interests of the international community.

While it is fitting to examine and review progress made during the past ten years of IFAD's existence, it is even more important to discuss and formulate appropriate measures aimed at preserving and further enhancing the Fund's activities and its unique character as enshrined in the founding agreement. There is no better part of this process than reiterating our strong commitment to securing the future financial basis of this organisation on a firm footing without disturbing the provisions of the basic text. Indeed there are encouraging developments in this direction as demonstrated by expressions of good intentions from all categories of IFAD membership, reflected in the Report of the Chairman on the Preliminary Findings of the High-level Intergovernmental Committee on IFAD's Future Financial Basis and Structure.

This rare and unique agreement of principle by both developed and developing countries within the United Nations system is a living testimony of the recognition of the important role IFAD is playing in the battle against poverty, hunger and malnutrition. This recognition is the result of the proven experience over the last ten years that targeting of support to small and landless farmers, artisanal fishermen, pastoralists and poor rural women in the developing countries, which is IFAD's trademark, is the best defence against poverty, hunger and malnutrition.

The recently established Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification is a clear point of reference on IFAD's target groups. All the approved projects, as reported to this session of the Governing Council, have been designed to assist small farmers and poor rural women to develop drought-resistant food crops and small-scale water control systems, to improve pastures and agricultural service networks, to reclaim land against erosion and desertification, and to increase input supply - to mention just a few. In some cases approval of projects was delayed for further techno-economic analysis. This in our view is a wise decision to ensure the viability of projects and the conscious acceptance and support of the beneficiaries. The Lesotho Government is satisfied that its identified project under this category is undergoing techno-economic analysis but it is obviously anxious that the process should be speeded up in order to enable early approval of the project.

It is particularly significant that IFAD is in the process of more closely examining the hypothesis that structural adjustment programmes and poverty eradication could in fact be closely linked, as applied to the particular circumstances of the rural poor such as obtains in sub-Saharan Africa. We agree that the smallholder represents an engine of growth. Addressing the problem of poverty through helping the smallholder to realise his/her economic potential should be the most effective means of establishing the conditions for long-term growth in the developing economies, particularly those of African nations. It is hoped that the commendable initiative to lead a special study of the effects of the structural adjustment programmes on the rural poor and smallholders in sub-Saharan Africa will produce the required results and add to the list of IFAD's success stories.

Mr. Chairman, it is important that the present IFAD momentum should be kept alive so that the progress achieved can be maintained and that we can proceed to ultimately satisfying the objectives of IFAD and the needs of many developing countries, particularly the least developed among them. It is disturbing that both economic and "quality of life" indicators in many developing countries still show a negative outlook, exacerbating the demand of developing countries on IFAD's assistance.

We urge "consultation" on the Third Replenishment of IFAD's Resources as well as the ongoing consideration of the proposals on IFAD's future financial basis and structure to recognise the economic realities in which many developing countries find themselves, making it difficult for them to put up any substantial contributions while they still continue to rely on assistance and capital inflow for their development. We applaud the spirit of goodwill and understanding in this regard, particularly with reference to the contributions for the Third Replenishment. We hope that the economic situation of Categories I and II will permit their good intentions to be translated into concrete action.

On the other hand, in reviewing the Report of the Chairman on the Preliminary Findings of the High-level Intergovernmental Committee on IFAD's Future Financial Basis and Structure, one senses an increasing temptation to fix Category III contributions as a formal standard which other categories would use to determine their matching contributions to the core resources. Unless the agreed mechanism recognises the voluntary nature and the additionality factor of the contributions of Category III as provided in the basic text, this temptation could be a dangerous development. While it is possible to announce voluntary contributions in advance to guide planning and determination of core resources, such advance announcement should not be regarded as a formal incorporation of Category III contributions into the burden-sharing formula for the core resources. It is very important therefore that when the modalities of the participation by Category III in the mobilisation of IFAD resources are worked out in greater detail, based on the "two elements framework" proposal by Category I for future financing, there should be a very clear and unambiguous understanding that there will be no total dependence of the level of IFAD's future core resources on the ability of Category III to provide a base; and that the voluntary nature and the additionality factor of the contributions of Category III will be preserved.

With regard to other proposals under consideration by the High-level Intergovernmental Committee, we are happy that our views have adequately been represented by the representatives of Category III on this Committee. We feel safe to extend their mandate to continue negotiations until a mutually accepted agreement by all concerned is reached.

Turning to the most important subject of the Governing Council's annual sessions - the Programme of Work and Budget - we are happy to support the 1988 Programme of Work and Budget as presented in document GC 11/L.3. The figures presented reflect a cautious approach balancing both the needs of the developing countries and the reality of declining resources. It is encouraging to realise that IFAD's administration has been able to keep the 1988 Budget proposal almost at the same level as in 1987, thereby achieving the much desired zero growth concept. The US$ 65 000 increase over the 1987 Budget is insignificant when compared with the magnitude of demands on IFAD's services.

A brief reflection on 1987 performance makes us happy to notice that dollar exchange rate movements may in some cases have positive effects, such as the appreciation of currencies like the Japanese Yen, the Deutsche Mark and the French Franc. We recognise that the realised under-expenditure for 1987 is due to well reasoned out factors beyond the control of IFAD management. We hope that those Members who are always pushing for a reduction in expenses will not translate this situation as otherwise indicating extravagance in cases where such under-expenditures are not realised or where there are over-expenditures. It should also not be surprising that all the indicators show improvements in the quality and volume of output as well as working conditions of staff, despite the careful economies of expenditure.

In our view, however, there is sufficient justification for an increase in staff, particularly considering IFAD's plans to develop the Management Information System essential to ensure the integrity of the Fund's financial systems. There is no doubt that such a Management Information System will further enhance and improve the already recognised transparency within IFAD. In this way the trust and confidence of Member Countries to continue their most valued support will be guaranteed. Efforts to reduce dependence on consultants are appreciated. We are also impressed by the rationale used in determining a target of SDR 200 million for loans and technical grants in 1988. Over-ambitious targets only serve to diminish the trust of those who supply the required resources.

Finally, we are happy to support the proposal that the representation allowance of the President should be increased from US$ 20 000 to US$ 32 000 per annum to bring it up to the same level as that of his counterparts. It is logical that this reasonable request, which otherwise should be automatic, is approved.

Thank you, Mr. Chairman.

Statement of the Governor for Luxembourg

Mr. President,
Excellencies,
Governors,
Ladies and Gentlemen,

It is an honour for me to represent Luxembourg at this Eleventh Session of the IFAD Governing Council. I should therefore like to emphasise the importance which my government attributes to IFAD's work and its objectives. As this new year opens, the general economic outlook does not appear very encouraging. The currency markets are in disarray, the stock markets are fraught with uncertainty, and as a result of last October's crash, economists agree that growth prospects are weaker, and some even go so far as to talk of a recession.

According to the OECD, the developing countries will only be able to improve if the world economy grows by 4% per year. This cannot be done. World trade, raw materials, and the terms of trade of the developing countries will not improve sufficiently. The foreign debt problem remains unchanged, even though novel ways and means of repaying these debts, which were rejected not so long ago, are now being examined. This rather bleak picture demands adequate measures to help the most seriously affected countries. The international financial institutions must be the main channels for this action. In this regard, it is encouraging to see that the Eighth Replenishment of the International Development Association (IDA) has now become effective, and that headway is being made to raise the capital of the World Bank. Because of the more difficult environment which we fear this year, we have to be more attentive to the objectives of IFAD. IFAD's emphasis on combatting rural poverty and malnutrition, and promoting food production, deserves our active support. It would be quite incredible if this specific multilateral institution were not to be given adequate resources at a time when the vagaries of the economy are indicating more than ever before the urgent need to foster food self-reliance, the rehabilitation of the production base and the creation of productive jobs in the rural zones. This structural work also requires guaranteed financial aid over the medium term. In this connection, my country has just made the last payment of its contribution under the Second Replenishment of IFAD's Resources, after having advanced its first payment.

To help streamline IFAD's operations, I fully approve of the decisions taken in respect of the active financial management of the Treasury of the Fund. However, this dynamic portfolio policy cannot work unless Members honour their commitments in regard to their Second Replenishment contributions according to the scheduled timetable. These delays and certain statements in the report on the future funding of IFAD do not seem to indicate the signs that we are entitled to expect in relation to the negotiations for the Third Replenishment. Let us think carefully about these signs before negotiations begin, because we do not want them to follow the example of the Second Replenishment exercise in relation to either the duration of the negotiations or their final disappointing outcome.

Statements of faith on the usefulness of an organisation like IFAD with its specific characteristics must be translated into actions during the negotiations which my country will embark on in a constructive and pragmatic spirit. Any uncertainties about IFAD's having sufficient future financing capacity could well have very harmful repercussions on the usefulness of an instrument whose efficiency is emphasised by everyone.

With regard to the Special Programme for Sub-Saharan Africa, to which my country has made a larger cash contribution even than its contribution to the Second Replenishment, there are two points which I should like to make, in line with what I have just been saying: firstly, I am delighted that the target of US$ 300 million has been reached; secondly, I am very pleased to see how judiciously these resources are being used. I look forward to reading the report on the impact of structural adjustment on rural poverty and small farmers.

Mr Chairman, this is the second Governing Council I have attended. I recall that two years ago you said that nothing could replace multilateralism in today's interdependent world. To abandon multilateralism would mean forsaking peace.

In recent months, well-founded hopes have been raised as far as world peace is concerned. Let us work to ensure that these hopes find their way into the ongoing multilateral negotiations to supply the international financial organisations, and especially IFAD, with adequate resources to combat poverty and hunger which, together with ignorance, are the greatest scourges of mankind today.

Thank you, Mr. Chairman.

Statement of the Governor for Mexico

Mr. Chairman,

On behalf of the Delegation of Mexico, we wish to extend to you our warmest congratulations on your election, and thank you for your dynamic and effective chairmanship. Our congratulations also go to the Vice-Chairmen.

Mexico has always devoted great importance and staunch support to multilateralism, and as a founder member of IFAD it has given its wholehearted and demonstrable backing to it. We are also pleased that we are able to celebrate the Fund's Tenth Anniversary, although we are still concerned about the difficult circumstances through which it is passing, and the uncertain future which lies ahead. It is for this reason that we join the majority of the countries in calling on those who can and should donate to show the political will to do so. In so doing, we endorse the words of the Italian Prime Minister, the Honourable Giovanni Goria, His Holiness the Pope John Paul II, His Excellency Hussain Muhammad Ershad, President of the People's Republic of Bangladesh, and the dramatic appeal made by His Excellency Dr. Kenneth Kaunda, President of the Republic of Zambia. The presence of these distinguished men, and the many other statements we have heard, confirms the excellent work which IFAD and its staff performs, but also the desperate plight of so many millions of human beings. The accession of Trinidad and Tobago as a non-original Member of our Fund is also a sign of interest and hope. We bid it a very warm welcome. This Governing Council is being held at a time of great difficulty in the developing countries, which have been unable to stave off the adverse effects caused by the imbalances of the world economy, and by the fact that IFAD is going through a period which threatens its continued existence.

The present system of international economic relations has a high social, economic and political cost, which has mainly had to be paid by the developing countries. The measures taken to cushion the effects of this system, mainly in the social sphere, have not only failed to attain their objectives but in many cases they have turned out to be counter-productive. Many countries are therefore experiencing an irreversible delay in attaining their expected levels of progress, while a substantial share of mankind's surpluses are being continually and increasingly used to manufacture weapons. In addition to this, high food production and hoarding in the industrialised countries have increased hunger and poverty in the Third World to an astonishing degree. By various devices, the developing countries are being obliged to transfer to the industrialised countries vital resources that could be used to deal with their chronic economic recession.

The Latin American region, in particular, is going through a very disappointing period. External indebtedness has been the main reason why many countries have had to implement adjustment policies which, coupled with the persistent proliferation of protectionist measures, the decline in the international prices of their main export commodities, the shrinkage of the international markets, and technological discrimination against their products, have prevented their economies from staging a lasting, promising recovery.

In this context, international cooperation and assistance are factors which can be put off no longer and must govern relations between countries. Multilateral institutions like IFAD guarantee that these resources and activities are directed effectively and fairly. This is why the underpinning and continuing existence of IFAD is backed by the political will and the effective contribution of the better-off countries, especially under the present circumstances. And the better-off countries are the developed countries of Category I. It is neither possible nor acceptable to expect the Category III countries to share this responsibility with them. Today, the industrialised countries must make good, through a variety of different devices, the past reverse transfer of resources to them from the developing countries, bleeding them dry of their own resources.

It is worrying for the future development of the world economy, particularly for the great masses of the dispossessed, that the multilateral resources are declining because of a lack of political will on the part of a few countries.

If we really want this to be an age of transition towards a brighter future, and prevent the gates of progress being permanently closed to the majority of mankind, the financial flows must be reversed in order to open up markets, generate productive and well-paid jobs, and redeem hundreds of millions of human beings from poverty.

IFAD, with her scant resources, is almost only a token gesture of minimum concern for the poorest of the rural poor. This is why it is important for the Third Replenishment to be agreed upon and paid by Categories I, II and III as soon as possible. We are opposed to extending the period above three years. IFAD must be able to continue with its work of strengthening the agro-food sector in the developing countries, and its contribution to bringing about world food security.

In view of the circumstances through which the Fund is passing, the agreed priorities for approving projects must be applied with greater rigour, considering not only the needs of the developing countries but also the indefeasible principles of non-discrimination and regional equity in absolute compliance with IFAD's constitution, mandate and vocation.

Thank you, Mr. Chairman.

Statement of SOS Sahel International

Mr. Chairman,

For several years now there has been a courtship between non-governmental organisations (NGOs) from the north and south and multilateral institutions. Both would-be partners recognise each others strengths and weaknesses. NGOs have a close partnership with the rural poor, are quick to respond both to emergencies and longer-term development, and are often praised for their innovative approach. Multilaterals and bilaterals are able to have a close policy dialogue with governments and, not least from the point of view of the NGOs, account for 90% or more of the official development flows.

Both the NGOs and the multilaterals are beginning to recognise the value of cohabitation but both still have their reservations. The large agencies have inflexible or complicated financing arrangements, which tend to make for relatively slow progress. NGOs, particularly those involved in advocacy, tend to be combative rather than conciliatory.

IFAD has been a pioneer among agencies, instituting dialogue with NGOs. In a few cases this has led to positive results. IFAD remains a favourite institution with the NGO community because of its focus on grass root initiatives and the least-advantaged rural groups.

Coincidentally, during the week of this Governing Council, IFAD and my own organisation "SOS Sahel International", which brings together both African and European NGOs, have launched a jointly financed community forestry and anti-desertification project in North Sudan, just one year after a loan agreement was signed with the Government of The Sudan. The Government has earmarked US$ 0.5 million of the IFAD loan to assist our activities.

This type of joint project between NGOs and IFAD, facilitated by the commitment of national governments, should become increasingly important and valuable. IFAD has the financial resources and expertise, the NGOs have field capability and a close working relationship with local associations. The combination will, we believe, add considerably to the long-term potential of IFAD projects for the benefit of the communities they serve.

We particularly welcome President Jazairy's initiative in setting-up a separate NGO Fund of US$ 350 000 per annum. We very much hope that out of the activities developed from this modest fund will come a rich variety of projects that will help to maximise the impact of IFAD's resources.

I am sure that other NGO observers present at this conference will join me in looking forward to IFAD's next ten years to which we trust the NGO community will have an increasing opportunity to make a significant contribution.

Thank you, Mr. Chairman.

Statement of the Governor for the United Republic of Tanzania

Mr. Chairman,
Mr. President,
Honourable Ministers,
Excellencies,
Ladies and Gentlemen,

It is indeed an honour for me to address this Eleventh Session of the Governing Council of IFAD. I wish to convey greetings and best wishes from the President of the United Republic of Tanzania, Ali Hassan Mwinyi, and the people of Tanzania. On behalf of Tanzania and on my own behalf I wish to join other colleagues in wishing you and the Eleventh Session of the Governing Council of IFAD success.

Mr. Chairman, I wish to associate myself with the previous speakers to congratulate you on your unanimous election to chair this very important session of the Governing Council. I am confident that with your guidance and able leadership, the discussions of the Council will reach successful results and so give support to IFAD promoting world order in food and agriculture.

Mr. Chairman, I wish to thank the President of IFAD and his staff for the excellent work they have done in 1987.

Mr. Chairman, agriculture plays a vital role in all developing countries and remains the greatest employer of the people in these areas and yet developing countries are the focal points when we talk of food crises. Many of these developing countries have made efforts to alleviate the situation by adopting different strategies. The success in achieving world food order lies in meeting the food needs of the rural poor. The creation of IFAD to mobilise and distribute resources to alleviate food shortage was a very solid proposition and IFAD has been able to create the opportunity for the rural poor to participate in food production by providing them facilities. IFAD's lending policies are unique and differ from those of developing banks. As a result IFAD has built a lot of confidence in people by seeing that they are able to produce for themselves if given the opportunity. IFAD has encouraged the participation of local professionals in various stages of project preparation, execution and evaluation, thus building confidence in them within these parameters.

Mr. Chairman, IFAD has participated in several projects in Tanzania. IFAD's support of PROGRAMMES as distinct from PROJECTS has been particularly helpful. All the farm inputs, services and infrastructure required for more efficient food production can be provided under an agreed organisational umbrella and within a nationally defined policy and strategy. The Southern Highland Maize Programme which aims at increasing maize production in the high potential regions is a living example of the programme approach which IFAD has initiated. For this, we wish to record our thanks to IFAD. It is our hope that when this programme is fully operational we shall be able to see in practical terms how the new approach can help to meet the objectives on which IFAD was founded.

Mr. Chairman, Tanzania has found IFAD involvement in socio-economic development activities so promising that the Fund is a true solution to some of our problems. But in order that more and more needy countries benefit from the Fund, the resources of IFAD have to be substantially increased and I will definitely conclude here that the bigger the resources of IFAD the more development activities we can have and the better it will be for the rural poor and therefore meet the objectives of establishing IFAD. It is now the appropriate moment to thank those donors who have made their contribution to the Fund and we are expecting that contributions to the Fund will be greater from one replenishment to another and avoid the decreasing trend of the Fund's resources.

Mr. Chairman, the document (GC 11/L.2) on the Audited Financial Statements is by far the best indicator on the appropriation of the Fund's resources. It tells of the way the Fund is administered and the austerity measures the Fund is observing. I would like to join with the Executive Board's views on this subject.

Mr. Chairman, it is not easy to plan and programme when resources are scarce, but going through the Budget and Programme of Work for 1988, I was very much impressed by the work done by the President of IFAD and his staff. It is good and well balanced under the present difficult economic conditions.

Mr. Chairman, my statement will not be complete without mentioning the Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification. This Special Programme has covered almost all parameters in socio-economic areas and I would therefore urge that such programme should be given all the support it needs to continue.

Finally, I would like to appeal to all Members to give IFAD all the support the Fund will need.

Thank you, Mr. Chairman.

Statement of the Governor for Tunisia

Mr. Chairman,
Distinguished Governors,
Ladies and Gentlemen,

It is with great honour that I deliver this statement at this session, which coincides with the Tenth Anniversary of the establishment of IFAD.

First of all, I would like to extend, on behalf of the Tunisian Delegation, our cordial congratulations for your election as the Chairman of the Council and to your two Vice-Chairmen and for the confidence given to you by this august Council.

I also have the pleasure to thank the previous Chairman for his superb efforts during his chairmanship in conducting the business of this Council.

May I, Mr. Chairman, commend the valuable statements by the Honourable Giovanni Goria, President of the Council of Ministers of Italy, His Holiness the Pope John Paul II, His Excellency Hussein Muhammad Ershad, President of the People's Republic of Bangladesh and His Excellency Dr. Kenneth Kaunda, President of the Republic of Zambia and current Chairman of the Organization of African Unity (OAU).

We are sure that the ideas and proposals put forward by these illustrious personalities at this Council will serve as a catalyst to surmount the constraints and hurdles and will have a wide echo in world public opinion, and hence have their tangible impact on the deliberations of our meetings.

Mr. Chairman, Ladies and Gentlemen, while we celebrate this happy occasion of the Tenth Anniversary of the establishment of IFAD we need to appraise the operations of our Fund in achieving the objectives formulated by it, and shed light on the constraints in order to confront and overcome them, or at least try to alleviate them.

Indeed, the Fund has seriously and efficiently contributed to the efforts to eradicate poverty and uphold economic and social development programmes in the least developed rural areas of the world. This fact is witnessed by the numerous and diverse projects in various parts of the Third World and through the sensitising of the international community to the dire need to help the low-income segment of the population and narrow the yawning gaps in the living standard between wealthy and poor countries. It is a known fact that today there are around one billion hapless people suffering from malnutrition while there is a food surplus in other parts of the world.

The international community has become more cognisant and aware of the danger caused by the gap between surplus and need, thanks to commendable efforts and appeals in various international fora to curb this gap and support appropriate measures to aid deprived and hapless categories.

The Fund has striven with all its possibilities to spread this awareness and has effectively contributed to the stunning change witnessed by the international community. But since the Second Replenishment of its resources, the Fund's role in aiding the most seriously affected (MSA) countries has regrettably dwindled owing to lack of necessary resources that were supposed to have come from the countries with big food and financial surpluses. In fact, during the past years we have been rather disappointed by the activities of this pioneer institution at a time when its operations should have been increased, given the exacerbation of the world economic crises and their negative impact on needy countries.

I do appeal to the Member States of this Fund, and through it to the world conscience, to adopt a responsible position as regards hunger, malnutrition and poverty suffered by a large part of humanity by supporting specialised organisations and funds, particularly IFAD.

The preliminary results reached by the High-level Intergovernmental Committee, set up by this Council at its last session, may well encourage us to take an optimistic view of the Fund, especially during the transitory period that coincides with the Third Replenishment of the Fund's Resources.

After strenuous efforts, this Committee has succeeded in delineating the framework of the operations of the Consultation on the Third Replenishment of IFAD's Resources, to be discussed at this session. This body can discuss all the aspects of the Third Replenishment, particularly the total of the resources and the proportion of contributions of the three categories and methods of payment, etc.

My Delegation supports the acts of the High-level Intergovernmental Committee and approves the draft resolution on the extension of the Committee's responsibilities in order to study, during the current year, long-term topics regarding the Fund's future financial basis and structure.

Likewise, my Delegation supports the setting up of a Consultation on the Third Replenishment of IFAD's Resources providing that the relevant negotiations are concluded soon, during the current year, bearing in mind that the period of the Second Replenishment expires by the end of this year.

After reading the Progress Report on the Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification, the Tunisian Delegation cannot conceal its concern, for the resources at the disposition of the Fund are still inferior to the total amount agreed upon. Furthermore, we would like to reaffirm that the payments disbursed by the industrialised countries for the Special Programme should not be confined to a specific country, but be paid to the Fund without any pre-conditions for their use.

We approve the proposed Programme of Work and Budget of IFAD for 1988, despite the slender resources designated for new loans and the big pressure to hold down the Fund's expenditures, which may negatively affect the effective running of the Fund.

Thank you, Mr. Chairman.

Statement of the Alternate Governor for Turkey

Mr. Chairman,
Distinguished Delegates,

Allow me to begin by congratulating you warmly for your election to the Chair. My congratulations also go to both Vice-Chairmen. We are confident that under your guidance this momentous session of the Governing Council, which also marks the tenth year of operations of the Fund, is assured of a successful outcome. I would also like to reiterate my Government's deep appreciation to Mr. Jazairy and his colleagues for their efficient and sustained efforts in ensuring the fulfilment of IFAD's unique responsibilities. Let me also extend a hearty welcome to the Republic of Trinidad and Tobago which joins our family of IFAD Members.

Mr. Chairman, during the one year which has elapsed since our last meeting, the world economic environment which conditions all development efforts continued to be beset by uncertainties. Hunger, malnutrition and poverty remained widespread. The quasi-chaotic conditions in the field of international finance, the huge external indebtedness problems, unfavourable terms of trade, protectionism and instability of markets continue to jeopardise the economic and social development efforts of the developing countries. The agricultural sector continues to receive the severest blows of these pervasive developments, tending to increase the burden of the small farmers and the rural poor to unbearable proportions. Indeed, last year, the world agricultural crisis and the policies which led to it have reached the top of the world's agenda. Now, even the developed countries seem to become more aware of the necessity of urgent and concerted action towards non-inflationary growth conditions and the need for reform, in particular in their agricultural policies. It is our hope that the commonness of purpose which appears to emerge among them will lead to long-awaited concrete actions with a view to putting an end to the disastrous subsidies race as well as to protectionist policies and practices. It is also our hope that such changes in policies will be coupled with an increase in the external financial assistance to agriculture. At least part of the resources to be released by the cutting down of subsidies in developed countries should be used to increase the volume of official development assistance to low income food deficit countries as well as to encourage agricultural private investments in the developing world as a whole.

Mr. Chairman, this still unfavourable overall economic climate combined with the deplorable build-up of negative approaches in certain countries towards multilateralism continued also in 1987 to put international institutions for development cooperation under increasing strain. Under these conditions, we should be satisfied that IFAD fared reasonably well in comparison with some sister organisations. The Second Replenishment, despite its low level, allayed the fears of a continuing and worsening crisis of the Fund. The commitment of its Members to IFAD's mandate appears to continue unwaveringly. IFAD's role in assisting exclusively the small farmers and landless rural poor is well established. The innovative manner in which the Fund is fulfilling its mission has become a model in the field of cooperation for development. The Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification is about to reach its funding target and its implementation appears to have started on a good footing.

However, Mr. Chairman, it must be admitted that the difficult days are not over. The adverse impact of the past delays and uncertainties are still felt. It appears that only half of the Programme of Work for 1987 could be implemented due to the slowdown in project development and project pipe-line. We approve the Programme of Work of SDR 202.2 million proposed for 1988 while noting that such a target, although seemingly more realistic, is quite below the level of assistance expected from IFAD.

We hope that a speedy build-up of the project pipeline will lead to larger programmes in the years ahead. It is obvious that this expectation can only be fulfilled if the Fund is assured of stable financial resources at a level commensurate with its aims and proven capacity to deliver efficient and effective relief to the rural poor.

Mr. Chairman, this brings me to the process we initiated at our last session towards seeking the ways and means to attain this aim, and in particular, to the work of the High-level Intergovernmental Committee established for this purpose. I shall not attempt to make detailed comments on the preliminary findings of the Committee contained in the Report of the Chairman. In fact, since Turkey has the honour of being a member of this Committee and has striven to contribute as actively as possible to its deliberations, we cannot but reiterate our full concurrence with the contents of this report. In this regard, let me emphasise our hope that these findings will open the way for a meaningful and substantial Third Replenishment to be completed as promptly as possible in 1988. Given the unanimity of views regarding the necessity of preserving the specificity of the Fund's activities and its unique character, it became clear that the only way to secure the future financial basis of IFAD was to ensure its proper and timely funding rather than making changes in its structure and mode of operation. Hence, also in line with its mandate, the High-level Intergovernmental Committee concentrated its work primarily on the principles which should govern the Third Replenishment. In our opinion, the results are satisfactory. The readiness to adopt flexible approaches to determine relative Category I and Category II contributions and to introduce the new element of matching Category III contributions are encouraging. The framework proposed by Category I can be considered as a possible basis for the coming negotiations. In this respect, we would underline, however, that the increased participation which may be expected from Category III can only be an additional element in determining the level of the Third Replenishment which should be based on Category I and II contributions.

Mr. Chairman, thus the coming year will be crucial for the future of IFAD. The will to endow IFAD with a sound financial future appears to be unanimous. The question is to what degree this commitment will materialise during the Third Replenishment in the form of substantial pledges necessary for this purpose. Although it is easy to foresee that the negotiations will be difficult, the enthusiastic expressions of support to our "Little Big Institution" we have heard during this meeting from all parts, allow us to be hopeful about their outcome.

Mr. Chairman, concluding on this optimistic note, let me also convey my Government's best wishes for IFAD's Tenth Anniversary and reiterate its full commitment to the Fund's mandate and mission on this happy occasion.

Thank you, Mr. Chairman.

Statement of the United Nations Development Programme (UNDP)

Mr. Chairman,
Mr. President,
Honourable Governors,
Distinguished Delegates,
Ladies and Gentlemen,

It is an honour for me to represent the United Nations Development Programme (UNDP) at this Eleventh Session of the Governing Council of IFAD, which also marks the Tenth Anniversary of IFAD. The Administrator of UNDP, Mr. William H. Draper III, has sent the President of the Fund a message for this very important occasion. With your permission, Mr. Chairman, I shall read out the text of the message. I quote:

> "On the occasion of the Tenth Anniversary of the International Fund for Agricultural Development, I have the pleasure to extend to you and the Governing Council of IFAD my most sincere and warmest congratulations.
>
> In the ten years since its creation, and under your able leadership and that of your distinguished predecessor, the Fund has made an important contribution towards the alleviation of rural poverty by assisting governments of developing countries to increase their food production and to create employment opportunities for the rural poor.
>
> From the first day of the Fund's operations, our two organisations have cooperated closely in the area of technical assistance provided in connection with agricultural lending projects. Cooperation between IFAD and UNDP was further strengthened last April when we jointly established modalities for increasing cooperation at the field level as well as in the area of project execution.
>
> I am confident that this close collaboration between our organisations will continue to produce very useful and fruitful results in assisting developing countries in their development efforts in the future. Please accept my best wishes for the success of IFAD's work in the years ahead."

Cooperation between UNDP and IFAD started on 6 April 1978 when a Memorandum of Understanding between the two organisations was signed by the UNDP Administrator and the President of IFAD. This act set the stage for a mutually beneficial relationship based on, inter alia, a natural complementarity between the mandates of IFAD and UNDP. While IFAD is responsible for providing investment finance to agricultural projects in developing countries, UNDP is the major source, within the United Nations system, of pre-investment financing and technical cooperation, including the provision of advice and assistance on follow-up investment.

A new dimension was added to UNDP/IFAD cooperation in 1981, when the UNDP Office for Projects Execution (OPE), on the request of the Fund, began to administer three IFAD loans: in Bhutan, China and Cuba. The provision of this kind of management service has by now become a major activity, for which OPE has set up a special Unit. This Unit is currently supervising and certifying project budgets for 28 projects involving IFAD loans and grants amounting to approximately US$ 200 million. Arrangements for some ten new projects are presently being discussed by IFAD and OPE. Also under discussion is the question of OPE providing assistance to the Fund in the organisation of project appraisals.

I should also mention, Mr. Chairman, the collaboration between IFAD and UNDP, initiated in 1984, in the joint programme financed by the Belgian Survival Fund (BSF), which entails also the cooperation of the United Nations Children's Fund (UNICEF) and the World Health Organization (WHO). This programme should in the near future result in a substantial number of new projects in Africa.

The Administrator of UNDP referred, in the message I quoted a few minutes ago, to cooperation between IFAD and UNDP being further strengthened in April 1987 through the joint establishment of modalities for increasing cooperation at the field level as well as in the area of project execution. These arrangements, conveyed to UNDP Resident Representatives through a letter jointly signed by the President of IFAD and the Administrator, have created a consolidated foundation for the further expansion and diversification of the collaboration between the two organisations.

As IFAD enters into its second decade may I, Mr. Chairman, say on behalf of the United Nations Development Programme that we in UNDP intend to work ever more closely with our colleagues in IFAD in order jointly to increase the efficacy of our services to developing countries.

Thank you, Mr. Chairman.

Statement of the Governor for The People's Democratic Republic of Yemen

Mr. Chairman,
Distinguished Governors,
Ladies and Gentlemen,

I have the pleasure to start my statement by conveying to you all the greetings of the Government of the People's Democratic Republic of Yemen and its wishes for the success of the meetings of this Council. I would also like to congratulate you and your Vice-Chairmen for the confidence given to you by this Council to conduct its meetings so that the Council will come out with positive results strengthening the Fund's potentialities to augment its contribution to development and food production in poor developing countries.

I would like to express our great pleasure and gratitude for the participation of Pope John Paul II, President Ershad of Bangladesh and President Kaunda of Zambia in this session. We greatly appreciate the valuable historical statement by His Holiness, sharing the concerns of this Council as regards food, security and justice in the world. As a matter of fact, the persecution which a number of nations suffer from as a result of foreign occupation tends to increase international tension and concern, and hence it impedes development and food production. Hence, we envisage the Palestinian people's uprising against the oppressive and repressive Zionist occupation of their territories is but a just and legible struggle to liberate their land and establish an independent state and by doing so they contribute to world peace and stability. Hence, the Palestinian struggle should receive every support from the world community.

Needless to say, developing countries of low income and food shortage have gone through critical conditions, owing to world economic crises and strained international climate which have had an adverse effect on the development and food production of the countries whose food shortage and malnutrition have soared so much that it has brought about famine in some countries. This appalling condition seemed to have reached, by the end of last year, the maximum point of lacerating despair.

The peace initiatives launched by the Soviet Union for nuclear disarmament, including an integrated programme to solve economic and financial constraints in developing countries, really augur well to usher in a new phase of international stability and reconciliation. The huge potentialities harnessed at present to build the arsenal that threatens the future of mankind and development results in a rearmament race. Now these very potentialities can be directed, after the relaxation of international relations, to peace and development. Developing countries can therefore concentrate on the development of food production and the amelioration of their living standard. This is the reason why the world welcomed the last Soviet/United States Summit Meeting as a first step to eliminate the danger of war in the future.

Mr. Chairman, my country, the Democratic Yemen, being one of the least developed countries, has suffered from numerous constraints in the field of development. It has inherited backwardness from the colonial past. However, despite these constraints our people and country have continued their efforts in development under a new era of political stability and have made some modest steps in development. We have striven to harness our resources to increase production.

Well, I do not want to explain in detail our development plans in agriculture, fisheries and rural development. Suffice it to say, that big investments have been poured into these sectors since independence, and these investments have given rise to infrastructures, expansion of agricultural lands and the setting-up of farm cooperatives, marketing facilities, production inputs and other services. Consequently, there has been a high percentage of crop production for gradual self-sufficiency that will positively reflect the improvement of the living standard of the population.

Mr. Chairman, our ambitions to achieve rapid development encounter slender financial resources for a number of production developments in the field of plant and animal production and fisheries. The friendly Soviet Union contributed in the past to providing grants and very easy-term loans that have enabled us to improve our agricultural and fisheries sector. Other friendly and Arab countries have also provided grants and loans. Likewise, international agencies and Arab and international funds have contributed to the development of agriculture and fisheries in our country.

In this context, I would like to point out the commendable role of IFAD for its participation in specific projects of tangible and substantial returns. We highly commend the efficiency, fervour and the spirit of cooperation of the executives of the Fund in implementing these projects in our country.

My Delegation has read with great interest the documents presented to this Council. On behalf of my Delegation, I would like to express our gratification at the tenth anniversary of the establishment of the Fund, which has contributed during this period to a large number of operations and achievements in many parts of the world. IFAD's success in this field merits our high appreciation for its contribution to the improvement of production and rural development. We avail ourselves of this opportunity to congratulate the Presidency of the Fund and appreciate its pioneer role and efforts to establish the Fund and then confront the numerous constraints that obstruct its advancement and expansion. We particularly value the role of the present President of the Fund, Mr. Idriss Jazairy, for his steady efforts to consolidate and expand the Fund's basis in the face of the current difficult circumstances which reflect the loss of momentum in multilateralism. We trust that IFAD's efforts could continue to realise more achievements in the future.

I would like to add that my country approves the comments, proposals and plans spelled out by the President of the Fund in his statement, and approve all the comments and recommendations of the sessions of the Executive Board regarding various matters which were discussed last year, particularly the proposed Budget of the Fund for 1988, the Report on the Second Replenishment of IFAD's Resources and the Report of the Chairman on the Preliminary Findings of the High-level Intergovernmental Committee on the Future Financial Basis and Structure of the Fund in the light of the deliberations of the meetings of this Council. We do hope that consultations will continue in the future.

We also agree to the proposal on the temporary suspension of Article 2 of the Rules of Procedure until the Twelfth Session is convened after the end of fiscal year 1988, and the extension of the incumbency of the President of the Fund until the newly elected President takes his place.

If we look back we may feel upbeat at the disappearance of the clouds that had darkened the situation of the Fund and had made the future look so forbidding and gloomy for the past two years. Today we are more optimistic regarding the Fund's potentialities to continue and expand. Of course, our confidence essentially depends on the response of the donor countries to contribute more so that IFAD could go on achieving its humanitarian task in the field of food production and development, and to narrow the gap between the countries by supporting the least developed countries in improving their living standard.

We are confident that the Fund will continue its noble humanitarian task in the future with better potentiality and more fervour.

Thank you, Mr. Chairman.

Statement of the Governor for Zaire

Mr. Chairman,
Mr. President of IFAD,
Distinguished Governors,
Ladies and Gentlemen,

At this, the Eleventh Session of the Governing Council of IFAD, which coincides with the celebrations of IFAD's Tenth Annversary, I should like to express the joy of the Delegation of Zaire, on behalf of the Founder President and the Executive Council of Zaire, at being present at this session at the kind invitation of the President of the Fund.

Our deliberations have been particularly marked by the presence, at the inaugural sessions, of a number of distinguished guests: His Holiness the Pope John Paul II, the President of the People's Republic of Bangladesh, the current Chairman of the Organization for African Unity (OAU) and the Prime Minister of Italy, who have shared their views of poverty and development with us. The messages addressed to us by these eminent persons will, I am quite sure, continue to guide our work and IFAD's activities in the future. We thank them most sincerely. First of all, I wish to congratulate and thank the Italian Government for the welcome extended to our Delegation. And I have the pleasant duty to congratulate the Chairman of the Governing Council, the Minister of Agriculture of The Netherlands, and the Vice-Chairmen, on their election. We are convinced that under their experienced hand, our work will produce the satisfactory results we all expect.

I also wish to congratulate the President of IFAD, Mr. Idriss Jazairy, and reiterate the unconditional support of my country for the way he manages our organisation. As we reminded the President of IFAD in the course of his visit to our country last December, IFAD has been working in Zaire for several years, with agricultural development projects and rural development projects confinanced with other donor agencies. These projects are the Smallholder Maize Project and the Lulua Agricultural Development Project. More recent still is the South Shaba Agricultural Development Project, which is helping to raise food production in the country. The South Shaba Agricultural Development Project, which is very original, involves the supervision of the small farmers by the people working in the project area. It is a new experience, to which the Executive Council attributes great importance and whose success will encourage us, with the support of IFAD and all the other donors, to promote similar actions in other regions. We believe that we can implement a crop diversification and peri-urban agricultural development policy, in view of the size of the country.

In the hinterland of the country, we are also planning to extend production schemes to make the local people self-reliant in food, and to act on perennial crops which will give a better return on the manual work and guarantee the farmers a decent standard of living.

As far as IFAD is concerned, its work in other countries over the past ten years has generally been crowned with success, and gives us cause for hope. Since these encouraging results have been obtained in the field, the Executive Council of the Republic of Zaire believes that all the Member Countries must do all they can, whatever their category and whatever the external difficulties, to give IFAD the resources it needs to enable it to meet its commitments in relation to the needs of the recipient countries. Zaire, which appreciates the true value of the help it has received from IFAD, has decided to give tangible support to the Fund by making a modest contribution to IFAD's resources and to the Special Programme for the Sub-Saharan African Countries Affected by Drought and Desertification. The Executive Council sees this gesture as a sign of its attachment to multilateralism and to international cooperation.

We congratulate IFAD on its performance, and endorse the proposals submitted to this Governing Council for approval. We trust that the High-level Intergovernmental Committee and the Consultation on the Third Replenishment of IFAD's Resources will produce conclusions and recommendations by the stipulated deadlines, so that the Third Replenishment of IFAD's Resources can begin early next year. The struggle to combat poverty is an ongoing task, which cannot be interrupted.

Before closing, we wish to welcome Trinidad and Tobago to membership of IFAD. The accession of a new Member strengthens the universal character of IFAD, and broadens the base of the international solidarity for which IFAD stands. Solidarity must be preserved, if we want to improve IFAD's chances of successfully attaining the objects assigned to it in the fields of agriculture and rural development.

Mr. Chairman, in conclusion, I should like to thank all the donors for their material and financial support of IFAD, and wish the institution a happy birthday and a long life.

Thank you, Mr. Chairman.

CHAPTER 4

OPENING AND CLOSING STATEMENTS; SPECIAL ADDRESSES

Welcoming Statement by the President of IFAD, Idriss Jazairy, on the Occasion of the Visit of the Honourable Giovanni Goria, President of the Council of Ministers of the Italian Republic

Mr. President of the Council of Ministers,

It is a great honour and an extraordinary privilege for me to welcome you to this Eleventh Session of the Governing Council of IFAD.

It is gratifying to know that IFAD's host country is also in the vanguard of the international struggle against poverty and hunger. Indeed, the fight against hunger in the world has for some time been one of the major pillars of Italy's international policy.

Mr. President, your profound knowledge and understanding of the workings of your country's economy have enabled you to guide its evolution with authority and success. It is this same understanding that provides you with an acute insight into the problems encountered by the developing countries in their efforts to restructure and develop their economies.

In this connection, I was struck by the speech you gave on the occasion of the recent World Food Day: "These problems," you said, "cannot be solved by mere declarations of good intent." And, speaking of the greater degree of world interdependence seen today, you added that what was needed now was "an authentic, constructive commitment on the political plane to take up the great challenge of underdevelopment and lay the foundations of a more balanced and more just international economy."

The vigorous terms in which, on the same occasion, you expressed Italy's support for IFAD were for us an extremely precious encouragement.

In addition to contributing generously to the Second Replenishment of IFAD's Resources, Italy is also, for the amount of its support, in third place - after Belgium and France - among the countries contributing to the Fund's Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification. So far, we have mobilised US$ 270 million out of the US$ 300 million set as a target for the Special Programme's resources. In view of the extremely difficult circumstances that sub-Saharan Africa is struggling against today, I fervently hope that Italy and other donor countries will make an additional effort so that our objective may be achieved. Events, in their cruelty, have clearly shown that the only sound and lasting solution to the problem of nourishing the population of Africa lies above all in supporting their own food production. And this is precisely the objective of the Special Programme.

On a wider plane, we rely, Mr. President, on the key role that the host Government can play in bringing to a satisfactory conclusion the Third Replenishment of IFAD's Resources on a realistic basis.

Finally, as regards IFAD's permanent Headquarters, I dare to hope that, after the postponement of the previous date of 1986, the new premises will be made available to us in 1988, as promised. I appeal for your support, Mr. President, so that this new commitment may be honoured.

Once again, I most warmly bid you welcome and thank you for doing us the honour of addressing the opening session of the Governing Council.

Address by the Honourable Giovanni Goria, President of the Council of Ministers of the Italian Republic

Mr. Chairman,
Mr. President of the International Fund for Agricultural Development,
Distinguished Delegates,
Ladies and Gentlemen,

I accepted with particular pleasure and great interest the invitation extended to me by the President of IFAD, Mr. Jazairy, to open the proceedings of the Eleventh Session of the Governing Council, which coincides this year with the Tenth Anniversary of the Fund's establishment. I am in fact profoundly convinced of the need to reflect together on the problems of agricultural development and to make every effort together to try to solve them.

This need unfortunately still exists, as the problems of underdevelopment, particularly those of hunger and malnutrition, are very far from being solved and continue to affect millions of human beings.

It would not be right, however, to pass over in silence the significant progress made towards solving these problems. I should therefore like to take this opportunity to pay tribute to the work done by the Fund, which in the first ten years of its existence has made a contribution of extraordinary value to the improvement of the living conditions of rural populations, particularly the poorest and neediest ones, thereby fostering the overall development process of the emerging countries. Interpreting the feelings of this meeting, I wish to express to the Fund and its President the appreciation of the international community, as well as the hope that this precious activity may continue with the same drive, the same determination and the same intelligence that have characterised its first decade.

I think reference should also be made to the United Nations Organization, to which the Fund belongs. Apart from the part it is playing in the settlement of the great political conflicts that mark our age, the United Nations has acquired, in the course of the years, a task that is equally important and, I should say, indispensable: that of acting as the driving force of cooperation for development. Within its structure there have in fact matured the various phases of a process that is not always easy and at times contradictory, but which has nevertheless made it possible to call to the attention of the international community the problem of the development of the emerging countries. A more deeply-rooted awareness of the mutual interdependence between the growth of the industrialised world and the development of the emerging world has thus been steadily taking hold, and the conviction has been gaining ground that in the face of the gravity and the complexity of the problems posed by the running of the world economy, no country - even the most fortunate - can think of managing on its own. If we want mankind to advance on the road of progress, justice, liberty and peace, the enemy to beat is national egoism.

Pope John Paul II, who will be with us today, has often reminded governments, with courage and determination, of the need for international solidarity and of more balanced conditions in the relative prosperity of the peoples, as well as of the defence of the poorest strata of the population within each country. In the course of the many "pilgrimages" of peace he has made all over the world, his conviction - to quote the words of Pope Paul VI - that development is the new name for peace - is a teaching and an example which we are all called upon to follow.

In this context, the recent agreement between the United States and the Soviet Union on the elimination of a whole category of nuclear arms is an event which we hope may lead to the conclusion of new agreements, regarding both nuclear and conventional weapons, and hence to the gradual establishment of ever greater trust and cooperation among the nations.

The Italian Government, for its part, will continue working to promote disarmament and international cooperation and to increase further its participation in aid for development, as well as for the international agencies which are its instrument. Among these the International Fund for Agricultural Development occupies a particularly important place, as its philosophy fully corresponds to Italy's strategy of cooperation for development.

The Fund is in fact the first international financial institution to have helped the poorest populations of rural zones, about one billion human beings, with incomes often less than US$ 100 a year. Its aim is to promote the kind of development that can be pursued by the poorest rural populations and it is precisely for these populations that it conceives and implements its programmes.

For a peasant in conditions of extreme poverty a good hoe may be more useful than a powerful tractor, and for an artisanal fisherman a strong net may be more useful than a deep sea trawler.

The Fund therefore tries to make the tools of production available to all those who need them but are unable to procure them, and sees to it that the beneficiaries are as numerous as possible.

The specific finalities of its strategy, the precise identification of the beneficiaries of its programmes and the original tripartite structure upon which the cooperation between 20 developed countries, 12 oil exporting countries and 110 non-oil exporting developing countries is based, constitute that diversity which is the very essence of the Fund and of which it is rightly proud. I should like to add another particularly significant element - that strictness of management which President Jazairy, at the time of his appointment in November 1984, declared that he intended to pursue, as we recognise he has indeed done.

As I remarked just now, the philosophy which inspires the International Fund for Agricultural Development fully corresponds to the principles on which the Italian policy of cooperation for development is based. From the historical viewpoint too, the parallel is interesting - today we are celebrating the Tenth Anniversary of the Fund and Italy's becoming one of the group of donor countries at the end of the Seventies and a substantial one at the beginning of the Eighties. Both the Fund and Italy have therefore been able to benefit from the experience and, at times, also the mistakes made by others.

Again, until the Seventies the prevailing orientation not only among the donor countries but also among the beneficiary ones tended to favour a process of intense industrialisation in the latter, giving priority to the construction of large infrastructure and the rapid introduction of advanced technologies, instead of the satisfaction of primary needs.

Experience has shown that although in the most fortunate cases this model has ensured a modest growth of the gross national product, at the same time it has had serious adverse effects - a disorderly drift from the country to the towns and over-rapid and massive urbanisation; a decrease in agricultural production and the consequent need to import food commodities, and the shift of demand towards consumer goods preferred by town dwellers; increased dependence on foreign countries and the deterioration of the balance of payments, as well as serious environmental degradation.

Agricultural development aimed, in the first place, at ensuring food self-sufficiency, health assistance and professional training ended up, in line with this approach, by taking second place to other forms of intervention. These constitute, instead, the very essence of Italy's cooperation policy which, while not neglecting the important sector of infrastructure, above all puts Man at the centre of development, in the belief that the recuperation and enhancement of human resources are the sine qua non for real progress. The strategy pursued by Italy, therefore, is not a static one, dictated primarily by humanitarian considerations and a desire to assist, but a dynamic strategy, that is aimed at the development of Man and his primary needs and based on Man and his fundamental expectations and aspirations.

In the last few years Italy has made a remarkable effort in public aid for development and has provided to it an increasing flow of resources. In 1975, the percentage of our gross national product that was allocated to this end was just 0.12%. Now we have reached 0.40%, overtaking the OECD Development Assistance Committee's average of 0.36%.

I can confirm here the Government's intention to continue along this road. In the bill now being examined by Parliament, the allocation for 1988 is envisaged as 4 425 billion lire, an increase of 10% over last year. Although the planning of our actions for this year is not yet fully defined, it can certainly be said that priority will continue to be given to the four sectors mentioned above: agriculture; health; training; and of course basic infrastructure. Italy remains a convinced supporter of multilateral cooperation; for this an allocation is envisaged which, in percentage terms, should again in 1988 be about 40% of the whole amount earmarked for public aid to development.

As regards IFAD in particular, Italy participated in the Second Replenishment of the Fund with a contribution of 30 billion lire and is ready to participate in the Third Replenishment in a constructive spirit, characterised by flexibility and commitment. Italy welcomed the Special Programme for Sub-Saharan Africa with keen interest, pledging a contribution of 30 billion lire. In this connection and as a further testimony of my country's faith in the Fund's activity, I am happy to announce on this occasion an extraordinary contribution of an additional US$ 10 million.

Furthermore, Italy for its part will continue to intensify its already fruitful cooperation with the Fund, through the financing of specific projects which would aid development. Lastly, in agreement with the Fund, it will not fail to participate in those initiatives aimed at enhancing and publicising the activities that will be carried out in the course of this year to celebrate the Tenth Anniversary of IFAD's establishment.

Italy is also following with keen attention the work of the High-Level Intergovernmental Committee on the Future Financial Basis and Structure of the Fund, the conclusions of which will have a direct influence on the Third Replenishment. In this regard I hope that all the participants, whether they belong to the developed, the oil exporting or the developing countries, will give proof of flexibility and understanding: Italy for her part will not fail to do so.

In the context of this fortunate convergence of orientations between Italy and IFAD, I am happy to be able to confirm today that, the preparatory proceedures having been completed, the choice that will enable IFAD to have its permanent headquarters is in the phase of definition. This is a question of fulfilling a pledge in which I wish to see reflected all the appreciation that the Italian Government and people have for the activity of IFAD and its officials.

Lastly, I should like to recall briefly two considerations I made in my speech on the occasion of the VII World Food Day on 16 October last. The theme - as I should like to mention here - was precisely that of small farmers, on whose behalf IFAD carries out its activities.

The first consideration started from the denunciation of the grave contradiction between the industrialised world, which is suffocated by the increasing cost of its agricultural surpluses, and the developing world, which is often unable to satisfy its own food needs. The solution to this problem is not to be found in the mere willingness to transfer these surpluses; what is necessary is that some of the industrialised countries should adopt appropriate measures, in particular within the EEC and in the framework of the GATT, to promote greater order on the international markets for agricultural products and that the developing countries should increase their production of agricultural products, especially those to be used to satisfy the food requirements of their own populations.

The second point stressed the need for tighter control during the implementation of cooperation for development programmes and a more profound evaluation at the end of them to verify the correspondence between the objectives set and the results achieved. A scrupulous and also critical examination of the use of aid would give the latter transparency and effectiveness and would in itself certainly be a valid instrument for increasing the readiness to grant international aid.

The objectives we have set ourselves to combat underdevelopment and in particular hunger, disease and ignorance, are undoubtedly hard to achieve, but all our efforts are addressed to a cause that is of the noblest: that of reducing inequalities and pursuing the inestimable good of the peaceful development of peoples.

It is in this spirit that I desire to express again today the feeling of special appreciation for the role which the International Fund for Agricultural Development has been playing for a decade. On Italy's side, we shall not fail to provide our convinced cooperation and our active support.

Welcoming Statement by the President of IFAD, Idriss Jazairy, on the Occasion of the Visit of His Holiness the Pope John Paul II to Inaugurate the Tenth Anniversary Celebrations of IFAD

Your Holiness,
Mr. Chairman,
Distinguished Delegates and Observers,

It is for us a very great honour and an extraordinary privilege to have with us today His Holiness the Pope John Paul II, whose heart is so manifestly close to the poor, who on his extensive travels in the developing countries has broken bread with the poor, taken communion with them, and who has tirelessly sought them out and extended succour to them.

By his travels, his preaching and his pronouncements, Pope John Paul II has shown himself to all as the vigorous and compassionate defender of the world's poor. He has seen their suffering and recognised their innate dignity, their aptitude for helping themselves and their capacity to contribute to the promotion of the material well-being of the community, as well as the imperative duty and the responsibility that lies upon us all to rekindle their hopes.

We are graced by the presence of one of the great spiritual leaders of our age, who well understands the condition of the men and women IFAD is endeavouring to help. In the Encyclical Letter "Labores Exercens", Your Holiness mentions the dignity of agricultural work and deplores the "objectively unjust situations" in which the rural poor of the developing countries are struggling for survival.

This eloquently expressed concern, which so profoundly inspires the apostolic mission of our illustrious guest, has an ecumenical foundation in all the great religions. In the Bible, the wrath of Isaiah is a case in point: "What mean ye that ye beat my people to pieces, and grind the faces of the poor?" Again, the Koran asks, "Knowest thou him who rejects the faith?" And the reply is, "That is the one who drives away the orphan and urges not the feeding of the poor". In a call to repentance, the Buddhists pray, "Put an end, we implore Thee, to the incessant sufferings and to the sources of unbearable anxiety, such as famine and sickness, which torment helpless human beings, the victims of an implacable fate and of violence..."

The precarious material situation of the rural poor cannot be separated from their spiritual needs. This is implicit in the teaching of all the great religions. It is also a fact explicitly recognised in the Charter of the United Nations, which views human welfare as an indivisible whole, embracing economic, social, cultural, humanitarian and individual rights.

IFAD is a concrete expression of this holistic approach to the welfare of the rural poor. This is an aspect of the Fund's mission of which we shall never lose sight.

Most Holy Father, I am sure I am speaking for all of us here when I say how deeply grateful we are to Your Holiness for deigning to honour us today with your presence and your words.

Address by His Holiness the Pope John Paul II to Inaugurate the Tenth Anniversary Celebrations of IFAD

Mr. Chairman,
Mr. President of IFAD,
Mr. President of the Council of Ministers
  of the Italian Republic,
Honourable Ministers,
Distinguished Delegates and Permanent Representatives
  of the Member Countries,
Ladies and Gentlemen,

I very willingly accepted the invitation you extended to me, Mr. President, on behalf of the Representatives of the 142 Member States of the International Fund for Agricultural Development (IFAD), to take part in the solemn celebration marking the Tenth Anniversary of the creation of this intergovernmental organisation.

The recent establishment of the Fund has not prevented it from assuming an important role in the vast effort of solidarity made by the nations in this second half of the twentieth century. And your Organisation occupies a particular place among the international institutions that now characterise the life of the peoples.

In the future, when people remember the age in which we live, they may recall the host of problems and divergencies, or the too numerous conflicts, or the amazing scientific and technical developments; but they will also stress that this was a time of international solidarity, thanks to the efforts made to address and solve world-wide problems and thanks also to the innumerable organisations created during this period. Much work will have been done in the sphere of peace, justice, economic, cultural and scientific cooperation, human rights, public health, or hunger. Such efforts cannot be in vain. How could they be forgotten by future generations?

The International Fund for Agricultural Development, which five years ago chose, as its permanent home, Rome, a city dear to the whole world because of its exceptional wealth of religious and human tradition, belongs to the system of specialised United Nations agencies which have as their aim precisely that of raising and using financial resources for projects and programmes concerning food and agriculture.

The Holy See, which attaches particular importance to the peaceful and interdependent development of the international community, encouraged from the start the proposal for an instititution devoted specifically to the financial support of individual or collective initiatives for cooperation in the most disadvantaged regions; and it has not failed to watch its evolution, because this initiative seemed capable of contributing in a large measure to the fight against hunger and malnutrition.

The grave problem of hunger, which today still afflicts so many regions of the world, cannot in fact be solved only by the intervention of the countries that produce food commodities; an efficacious solution can be found only by stimulating the considerable human resources of the agricultural workers, fishermen and animal husbanders who lack the economic and technical means they need. For this reason, it is important that the allocation of aid and the remuneration of productive labour take the greatest account of the needs of social justice and encourage the cooperation of all. Indeed, no one can fight alone against ecological constraints such as unfavourable atmospheric conditions, prolonged drought, parasites or the incredible damage done to the land by ill-considered human actions or neglect.

But the Holy See's support for IFAD is also of a moral order, because, for many countries, this Organisation represents a concrete means of shouldering their responsibilities towards the development of the poorest countries: whole categories of workers are provided with the means of fighting hunger and malnutrition themselves. In this way these men and women use their capacities better and affirm their dignity.

In the same order of ideas, IFAD is an original institution by virtue of the criteria it adopted to determine the financial contributions in accordance with the real economic and development possibilities of each of the Member Countries, which are divided into three distinct groups. Likewise, the allocation of financial resources is proportionate to the beneficiary countries' possibilities of using them. In the face of the most serious shortages, or severe crises, credit facilities and free grants are provided.

The Fund's objectives, however, are not limited to the allocation of credits or grants, but include the study of the world economic situation. We are all convinced that, despite the efforts of international organisations and the results already achieved, whole continents find themselves faced with the urgent need to improve the living and working conditions of hundreds of millions of people. In December 1986, during the Tenth Session of the Governing Council of IFAD, its President underlined the fact that in Asia, for example, dozens of millions of people continue to suffer from hunger and live without the power to hope for an improvement. In Africa the problem of survival is of catastrophic dimensions, and in Latin America an important part of the population remains excluded from development, in impressive zones of poverty, and these situations continue to exist despite a notable increase in world food production in the last few years.

In 1967 my predecessor, Paul VI, in his encyclical on the development of the peoples pointed out, among the ends to be pursued, "the passage, for each and for all, from less human conditions to more human conditions" of life (n. 20); he recalled the material shortages, and the exploitation of workers; he also indicated other objectives: ensuring for all the possession of what is necessary, overcoming social scourges, working for the common good (cf. n. 21).

Faced with such objectives, one cannot leave things to merely individual initiatives or the free play of competition. John XXIII had already stated, in his social encyclical Mater et Magistra, the need for concerted programmes to encourage, stimulate and coordinate the action of individuals and intermediary bodies (cf. AAS 53 (1961), p. 414).

Now, alongside bilateral cooperation, multilateral cooperation is assuming particular importance because it is a means of overcoming the risks of neo-colonialism, or the fears of strategic hegemonies, in situations in which political, military, economic or ideological interests are given priority, to the detriment of the human needs of populations.

Liberty, mutual respect, and the principle of equality, as well as the development of international cooperation, form part of the aims recognised by the member countries of the United Nations. These objectives still remain to pursue and to defend; their realisation depends on the vitality of international relations; it is held up by crises; it is annulled by the effects of violence; but it progresses in mutual esteem and trust; it is fostered by the common will for effort; it benefits from a climate of detente among the different countries.

The Tenth Anniversary of IFAD's establishment, celebrated today, provides an exceptional occasion for verifying the work done and, at the same time, for paving the way for the future. In fact, the role the Fund intends to play will be all the more dynamic when the common will to put into effect the ideals declared ten years ago is reaffirmed.

We are the witnesses of a process of international detente, marked by the first real disarmament agreement concluded between the United States of America and the Soviet Union, and we wish to hope that this is the basis for more radical disarmament. But all this would have no meaning unless a greater degree of economic cooperation were reached, benefiting the most disadvantaged regions of the world. It therefore seems logical that the immense resources invested in building atomic arsenals or purchasing so-called conventional arms should be massively appropriated to the development of the poorest countries.

What I had the occasion to say recently to the Diplomatic Corps accredited to the Holy See, I should like to reaffirm here: the process of peace and of international detente requires justice, the safeguarding of the rights of individuals and peoples, and development. This is why the slogan launched by Paul VI twenty years ago remains valid: "Development is the new name for peace". It shows in what direction the efforts of all must be directed during the years to come.

From this tribune, in the presence of the distinguished representatives of the many Member Countries of the Fund, I should like to make an appeal to all Governments, so that each, according to its political and economic possibilities, may collaborate in this major work: giving to peace the name of development. A development that respects the rhythms of growth and the values of every people and every culture. A development that signifies victory over endemic diseases, victory over the forms of poverty that wound humanity, victory over hunger, "the urgency of urgencies" (speech to the Diplomatic Corps, 9 January 1988). A development that is truly suited to Man and befits his dignity.

No longer to see entire populations die because they lack the essentials: this is not Utopia, it is a hope. We are responsible for its realisation. We must dare to renounce excessive military expenditure to devote the maximum resources to economic, social, agricultural, health, cultural and scientific cooperation. Development depends on the possibility that workers, especially the most emarginated ones, will have of uniting for productive cooperation, and for trading the fruits of their toil. It depends on how we place respect for the equal dignity of the whole human family above the search for profit, so that Man may not be considered as a tool nor the poorest peoples as mere providers of raw materials. The respect we have for humanity, today humiliated by scarcity and poverty, will only be sincere if the most developed societies concretely aid the development of the most impoverished.

It is in any case necessary that the generosity of the richest countries should not diminish; that a new trust should be born between the more developed countries and the developing ones; that every temptation to hegemony should be renounced; that the administrations concerned should give proof of perfect rigour in the use of loans and credits; and that the real will should exist to achieve the social and human development of the peoples.

In this perspective, the Church desires to lend its support and its contribution to those who foster social justice and the improvement of international economic life. The Church, in this sphere, does not propose theoretical or technical solutions. However, She wishes to recall that all the solutions considered should be well-suited to the concrete situations they concern. It was precisely to respect this criteria that in 1984, at the time of the creation of the Foundation for the Sahel, that I deemed it essential that the local churches should study and administer the development projects envisaged in a region so sorely tried by natural calamities. So they take part, in a complementary manner, in the efforts of the populations, giving priority to the training of the Africans themselves, in order to make them more able to combat drought and progressive desertification. Although modest and recent, the initiative is beginning to bear fruit; hope is being restored to the communities that are once again becoming responsible for the future of their land. I hope that your Organisation, whose aim is to foster international development, may not be content with allocating the financial resources with which it is endowed, but may at the same time give confidence to all the populations tried by interminable suffering.

Mr. President, in my speech I have wished to recall the objectives and the spirit of the action taken by the Organisation over which you preside, and to propose some essential criteria for the important work that the International Fund for Agricultural Development has to accomplish.

I am sure that, thanks to its ten years' experience, IFAD will not fail to give its action fresh impulse, in the clear consciousness of the humanitarian and social objectives implicit in its aims. And this activity would be impossible without the financial and technical contributions of the Member Countries. I should, therefore, like to take this opportunity to express all my esteem to the Governments that do not fail and will not fail to make their generous contributions.

The responsibility for the human development of the most impoverished regions, particularly those that are trying to arrive at a capacity for sufficient food production, is the responsibility of all.

None of us can believe himself free from this so long as there exist men and women who lack the bare necessities. In these circumstances IFAD can really be a living sign of the common will to give humanity a more assured future and greater hope.

I hope, Mr. President, that the activities carried out by your Organisation in this spirit may achieve successful results in the coming years. And I pray that the Most High may bless your efforts in the service of Mankind.

Statement of Appreciation for the Address by His Holiness the Pope John Paul II by the Governor for the Lebanese Republic on Behalf of the Asian Member Countries of Category III,

Your Holiness,
Mr. President of the Council of Ministers of the Italian Republic,
Mr. President of IFAD,
Excellencies,
Ladies and Gentlemen,

I am very happy to submit to Your Holiness, on behalf of the Asian Members of Category III, our most deeply felt thanks for having so kindly attended this Tenth Anniversary celebration of the establishment of IFAD. We would also like to express our esteem and appreciation for the historical address to which we have just listened. The contents of this address, the ideas expressed, the ideals highlighted are a very solid basis and matter for inspiration in our future work.

Your acceptance of the invitation to attend this session shows the great interest you have in the fate of all peoples, and especially those from the developing world who are faced with the problems of food and agriculture. It is also a sign of the commitment of Your Holiness to securing for mankind an equitable future based on the greatest ideal of humankind. I wish to avail myself of this opportunity to renew to you, Your Holiness, the sincere appreciation of my people, of my Government and of my country, the Lebanon, for your interest and support during our civil war. The people of my country urge you to pursue your efforts so that they may soon enjoy peace and well-being

Within this Organisation we work with hope for a world far removed from egotism. We work for a world of brotherhood based on the fundamental rights of humankind. Your work, I know, is also inspired by these principles and I am sure that your words and your presence will help us in our work to attain these objectives for a world which enjoys legality, justice and well-being.

Thank you, Your Holiness.

Statement of Appreciation for the Address by His Holiness the Pope John Paul II by the Governor for the United Republic of Tanzania on Behalf of the African Member Countries of Category III

Mr. Chairman,

On behalf of the African Group in Rome, and on my own behalf, I would like to convey my many thanks to His Holiness the Pope John Paul II for spending his valuable time in addressing this Eleventh Session of IFAD's Governing Council. I would further like to register my sincere appreciation for the subject and substance of the excellent speech, which will guide us in the world at large in our endeavour to fight injustice and hunger. Mr. Chairman, the Church is currently moving with the development activities for mankind, especially in areas where these activities are needed by the masses, like the Third World. This was clearly manifested in your speech, Your Holiness. The Church has a long history in development activities and, as we all know, its missionaries made many discoveries and explorations of unknown lands and were involved in education and health care in the Third World. These activities are still performed by the Church, now as they were a century ago, and we are, therefore, very much able to see the results of the Church's development activities in the developing countries.

Your Holiness, we are still struggling to get rid of injustice in some parts of the world, where people are still living in terror and oppression, especially in Southern Africa, and we are confident that in this area the Church can do much to help and to enable the rural poor to participate fully in food production so as to bring about a world food order.

Mr. Chairman, Africa is proud today, at this particular moment, because His Holiness has addressed the Eleventh Session of the Governing Council of IFAD at a very difficult time, a time when many contributions are required to convert its structure and meet its financial requirements. On behalf of the African Group, I would like to thank His Holiness again.

Thank you.

Statement of Appreciation for the Address by His Holiness the Pope John Paul II by the Governor for Panama on Behalf of the Latin American and Caribbean Member Countries of Category III

Holy Father,
Mr. Prime Minister,
Ministers,
Mr. Chairman of the Governing Council,
Mr. President of IFAD,
Governors,
Ladies and Gentlemen,

It is indeed an honour and a great privilege to take the floor on behalf of the Latin American and Caribbean countries, and especially on behalf of the people living in the rural sectors of the region and the poorest of the poor, to thank Your Holiness for this message of peace and hope that you have just expressed to us.

The presence of Your Holiness in this institution, of which the basic objective is the combatting of rural poverty, hunger and malnutrition, and your message of love, will be conveyed to all the men and women in the rural areas. It will be a help to them, a word of hope. It will encourage those people who daily struggle to survive in most of our countries. Your message is also a way of reaffirming the fundamental and basic role played by the Church in support of peace - the peace for which Your Holiness is tirelessly working - especially at a point in time when so many economic and financial problems set a pall of darkness over the greater part of the Third World countries. We know, Holy Father, that as long as an innocent human being suffers from hunger in the world, has no roof over his head and has no source of education, no health facilities, then the great message of love and Christianity will not have been achieved. Therefore, we must not be silent, we must not rest until this work is accomplished.

World Food Day, organised by FAO, has allowed Your Holiness to stress the importance of work in the fields and how these problems, as with many that exist in the rural areas and among the rural poor, should also be linked to the need for a change in thinking, in attitudes and in all matters concerning richer and poorer countries. Everyone should have access to advanced technology and to food, so that the developing countries can overcome the external debt situation and attain greater social and political development, so that the available resources of this Earth may be better managed. It was not in vain that you stressed that humankind must realise the many problems which exist, such as the hunger situation which has yet to be resolved. You have defined this as the urgency of urgencies.

Thank you.

Statement of Appreciation for the Address by His Holiness the Pope John Paul II by the Governor for Qatar on Behalf of the Member Countries of Category II

Most Holy Father,
President of the Council of Ministers of Italy and Members of the Italian Government,
Chairman of the Governing Council,
President of IFAD,
Former President of IFAD,
Distinguished Governors and Members of Delegations,
Ladies and Gentlemen,

In the name of God, most gracious, most merciful.

I have the honour and great pleasure to extend, in my name and on behalf of my colleagues of Category II, our appreciation and gratitude to His Holiness for honouring us with his presence, notwithstanding his large number of religious and official engagements. A generous gesture from such an illustrious personality deserves our sincere gratitude; and his statement, full of wisdom and humanitarian love, merits our appreciation. We hope that all of us, especially the leaders and the decision-makers of good and evil on our globe, will ponder over the Holy Father's words and take them as a source of inspiration.

So humanity, Oh Holy Father, whose cares and anxieties you bear with a big heart and perceptive mind, owes you profound gratitude and appreciation.

As your presence at this session on the Tenth Anniversary of the establishment of IFAD has a spiritual dimension and moral significance that drives people of good will to self-contemplation and soul-searching, I would like to avail myself of this opportunity to recall to this gathering an appeal, the importance of which you will be the first to grasp. This urgent appeal was left for a long time unheeded and without any response. I am not speaking on behalf of any specific category but on behalf of a group that has no voice or mention in this hall and does not pertain to a particular category that can apply to IFAD for aid. In fact, some may disapprove of mentioning the name of this group, not unlike the early Christian martyrs in ancient Rome before their case gained the upper hand. These people are rural poor and maybe even more deprived because they are deprived of the right of birth, deprived of the land of their ancestors, deprived of freedoms which are the dearest and most precious gifts of the Almighty Creator. I mean the rural poor of the southern part of Africa. I also mean their brethren in the country most beloved by Your Holiness - the land trodden by the Child who was born at Bethlehem, brought up at Nazareth, uttered the Truth at Galilee and raised to Heaven in Jerusalem. On this very land cringing peasants are evicted from their homes and expelled from their home towns, the trees on their fields are uprooted and bullets ruthlessly rip open the bodies of young children, the beloved creatures of God.

The Prophet Mohammed, the Great Moslem Apostle, said that men are God's children and the most beloved of men to God are those who best treat their children.

Hence, Oh Holy Father, all men of good will and with a clean conscience of any sacred, divine religion or of any noble worldly motive should find in your venerable words a reason for contemplation, a motive for hope, an incentive for action, a memory we shall keep of this meeting.

On this occasion we reiterate our deep thanks and appreciation and wish you, on behalf of Category II, good health and happiness.

May God's Peace, Mercy and Blessings be upon you.

Statement of Appreciation for the Address by His Holiness the Pope John Paul II by the Governor for Belgium on Behalf of the Member Countries of Category I

Holy Father,

On behalf of Category I, I wish to thank you most sincerely. I would like to thank Your Holiness for the message just addressed to us. We all know the great concern felt by the Head of the Catholic Church for the poor and desititute of the Earth. We all know of his great moral authority and we all know the scope of the Christian message of the Church. This message has been stated and restated, but this should be done, again and again, so that it will never be forgotten. You have just given us a great lesson, Your Holiness: it is a message of hope and love and, at the same time, it is the aim of all the activities of this Institution, in a world which is being built in disruption and division, but it is something that we should bear in mind in our common will in this common task.

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Welcoming Statement by the President of IFAD,
Idriss Jazairy,
on the Occasion of the Visit of
His Excellency Hussain Muhammad Ershad,
President of the People's Republic of Bangladesh

Your Excellency,

It gives me profound pleasure to welcome you to this Eleventh Session of the Governing Council. We are deeply grateful that you have done us the honour of coming here to deliver this keynote speech to this session of the Council on the occasion of IFAD's Tenth Anniversary.

Your presence here is especially significant because you are the President of a valiant nation which, although assailed by food shortages and natural calamities, has an outstanding record in its mobilisation of the rural poor to ensure their own betterment with courage and determination.

It is a great tribute to the hard work and dedication of the people of Bangladesh that the country achieved near food self-sufficiency over the last years until it was struck again by the worst flood of the century. Nonetheless, your great nation stood firm in the face of this cruel test of nature and was able to avert hardship of the type which followed similar disaster in the past. This expression of self-confidence and national will to overcome the odds has deservedly gained the admiration of the entire world community. As you said about your compatriots in a poem in your book of verse entitled "Light the Golden Lamp":

> "Ninety million people
> Have lighted a lamp
> Fashioned with their hopes,
> We take it in our hands
> And march ahead,
> Overcoming all that stand in our way,
> To build a new land
> A land of our dreams."

Your Excellency, the relationship between the Fund and Bangladesh has been a very productive one. Bangladesh has proved to be a choice recipient country. The multitude of landless and particularly poor rural women have been given a new lease of life and an opportunity to make fuller use of their productive potential through the unique approach of the IFAD-supported Grameen Bank.

By such an effort, Bangladesh is making an exemplary contribution to the mobilisation of resources for the rural poor around the world. It is little wonder that the model of the Grameen Bank is being successfully replicated in other developing countries, and even in industrialised countries such as the United States.

Excellency, may I reiterate our happiness in having you here today and extend our sincere wishes to you, to your Government and to the gallant people of Bangladesh for the continued progress of your country, particularly of the rural poor who are the focus of our attention.

We look forward with deep interest to listening to your address.

Address by His Excellency Hussain Muhammad Ershad, President of the People's Republic of Bangladesh

Mr. Chairman,
Mr. President,
Governors of the IFAD Governing Council,
Ladies and Gentlemen,

Assalamu Alaikum,

It gives me immense pleasure to see you chair this important session. I congratulate you, Mr. Chairman, on your election. We know that you and your great country are in the forefront of the international efforts to bring relief and succour to the poor and the underprivileged. It is my conviction that through your wise and dynamic leadership the deliberations of this session will make an important contribution to our common effort to achieve a better world.

I am particularly happy to see that the Presidency of this Fund is in the hands of an outstanding personality of the Third World, representing a strong commitment and belief in collective efforts in realising our objectives of balanced growth and development. Brother Idriss Jazairy of Algeria deserves our warmest greetings for his leadership of this organisation.

Mr. Chairman, it is indeed a privilege for me to be invited to address this distinguished gathering on the occasion of the Tenth Anniversary of IFAD in the eternal city of Rome. Italy in general, and Rome in particular, played an important role in the promotion of harmony and understanding in the world. This morning, the Honourable Giovanni Goria, in his gracious inaugural address, has once again underlined Italy's special role in and concern for the promotion of international cooperation and development. Italy's consistent support to IFAD is a source of strength for all of us.

We have gathered here from all parts of the world out of our common concern over the dangerous exposure of large sections of mankind to poverty, malnutrition, hunger and periodic famines. We could begin, therefore, with a broad view of the present stage of mankind's progress in dealing with these pressing problems and the contributions made by IFAD to this continuing endeavour. This should give us a view of the problems we have faced in the past and those that the future will bring.

Mr. Chairman, as all of us remember very well, IFAD was established against a scenario of wide-spread food shortages, poverty, malnutrition and hunger surrounding the developing countries. The essence of its objective was the expansion of food production and the alleviation of poverty aimed at ensuring for the poorest of the poor access to a rising level of nutrition and the progressive enrichment of their existence in all its dimensions.

We can feel encouraged by the technological progress in the production of food, broadly sustained now for over a decade. Improved varieties of seeds, increased availability as well as application of fertilisers and expanded irrigation have combined to impart a heartening impulse to the growth of food production in developing countries as a group. Some major producing countries have surpluses and in some cases the stocks have exceeded previous records. There is however no reason for complacency. The distribution of technological progress across countries remains extremely uneven. It still eludes large parts of the developing world and many countries which have substantially benefited from it are still susceptible to sudden set-backs due to diverse shocks. Despite these very real weaknesses, overall progress in food production in the world as a whole and also in the developing countries as a group is clearly substantial.

But have we made substantial progress in our struggle against poverty and hunger? In spite of the achievement in global food production, many countries still suffer from persistent food shortages. There are millions who continue to face malnutrition and hunger. In the low-income developing countries the situation is especially critical. Persistent hunger and malnutrition continue to haunt the poor and deprive them of human dignity. Thus, while on the one hand world food production has increased appreciably, on the other hand, we find today that the number of undernourished and malnourished people has also gone up. This is a tragic paradox and is not a situation in which we can remain unconcerned. Mr. Chairman, our struggle against poverty, malnutrition and hunger is still in its early stages.

That IFAD has made a significant beginning in addressing the problem of hunger is certainly a matter of great satisfaction to all of us. Consistent with its mandate to help achieve increased food production, IFAD has rightly focused its policies and programmes on assistance to the low-income countries for a rapid expansion of their food output. We are happy to note that special care has been taken to assist the small and marginal farmers in this difficult endeavour. At the same time, attention has been paid to the vital need to develop the necessary infrastructure and institutional arrangements which directly help in augmenting food production in the low-income countries such as my own. It is a matter of even greater satisfaction that IFAD's programmes and projects have laid stress on assistance to the landless, the smallholders, the artisans, the fishermen, the rural poor and particularly women. I cannot thank IFAD enough for the thoughtful and well chosen programmes which aim at these less fortunate groups who form the bulk and significant portion of the society of the low-income countries. We have not yet come across a more appropriate strategy or a quicker remedy for the removal of poverty through economic development.

But in spite of these commendable beginnings the sad fact we have to admit is that we have yet to make substantial progress in our struggle against hunger. The thought that millions of people still suffer from chronic malnutrition and hunger haunts the spirit of all who care about their fellow beings. We in Bangladesh, as also our fellow developing countries, need to pool the full strength, wisdom and above all our determination to remedy this and to bring a reasonably decent life within the reach of everyone. In other words, continued priority has to be given to the programme of increased food production, alongside innovative measures for expanding productive employment so as to enhance access to food and nutrition.

While the overall trend of food production in developing countries in recent years has been generally positive, during the six years between 1980 and 1986, apparently only in a few countries in Asia has food production generally exceeded the growth in population. In other regions of the developing world, the per capita production of food has remained stationary or has actually declined. According to FAO, Asia's food production in 1986 did increase faster than its population, though Brunei, Nepal and Sri Lanka experienced a decline in their per capita food production. China, Malaysia and Pakistan accounted for most of the increase. The rest were stationary. In 1986 the situation in Latin America and Africa was worse. In both regions as a whole per capita food production declined. In Argentina, Chile, Colombia and Uruguay, food supplies could just keep pace with their expanding populations. Africa has not yet overcome the terrible effects of drought and famine, and although the continent generally had good harvests in 1986, its population continued to grow faster than its food production. We are glad to note that now the number of countries to the south of the Sahara which are experiencing abnormal food shortages has gone down. But, we are warned that Africa's trials are far from over.

Mr. Chairman, sub-Saharan Africa's situation is an ample illustration of how dangerous an economic situation can be if the necessary investments for agricultural development cannot be arranged for a long time. I am sure everyone present here fully supports and endorses the initiative taken by IFAD in joining other multilateral and bilateral donors in seeking long-term solutions to the human problems of sub-Saharan Africa and in exploring possibilities of increasing food production and protecting the environment.

It is relevant to recall that when IFAD was established ten years ago it was given a clear mandate. The Agreement Establishing IFAD stipulated that in allocating resources, the Fund shall be guided by the following priorities: (i) the need to increase food production and to improve the nutritional level of the poorest populations in the poorest food deficit countries; and (ii) the potential for increasing food production in other developing countries. Likewise, emphasis shall be placed on improving the nutritional level of the poorest populations in these countries and the conditions of their lives.

Over the last decade we in Bangladesh have watched with admiration IFAD living up to its mandate with an impressive performance and professionalism. It has made great efforts to identify long-term issues in food production. It has also made considerable efforts to address these issues in each country within the framework of a sectoral programme and has sponsored specific assistance programmes relevant to the region. Whatever be the emerging resource scenario, we earnestly hope that this policy will be followed in future IFAD operations. IFAD has provided US$ 2.2 billion in concessional loans and has mobilised over US$ 7 billion in additional resources to finance nearly 200 projects in nearly a hundred countries throughout the developing world. These projects have taken a wide variety of forms ranging from integrated rural development to management training, from agricultural development to rural credit, and from development of livestock and fisheries to irrigation. The most conspicuous feature of these programmes is that the focus has always been on the rural poor. The fact that IFAD has made its special concern to deal with the most disadvantaged segment of the population - the landless, the small-scale farmers, the poor fishermen and the rural women - makes IFAD unique among the sources of multilateral assistance.

Mr. Chairman, the approach of my Government is similar to that of IFAD. The conditions in my country are particularly relevant to IFAD's objectives and are also suitable for attention from IFAD. As you know, a significant proportion of our people survive below the poverty line. Though there has been a steady progress in the area of food production, unfortunately we have not been able to alleviate rural poverty. My Government has, therefore, adopted as one of its major objectives in the Third Five-Year Plan the removal of rural poverty through programmes designed to create rural employment. We have taken up schemes to develop our rural infrastructure and to help improve people's - particularly women's - access to resources and institutional credit. We are also making an all out effort to achieve these goals through flexible programme design and implementation, and particularly through the participation of beneficiary groups. My Government has introduced many important administrative changes in order to decentralise decision-making and implementation by establishing a new form of local government - the Upazila system - and by restructuring the local government institutions. This has made it possible for the programmes and projects to be planned and implemented with local level participation and with appropriate support from the national government. I am really happy that in many cases these efforts are being supported by many bilateral and multilateral donors. It sincerely pleases me to say that because of the compatibility of IFAD's mandate with my country's objective conditions, it has been possible to establish a very fruitful and cooperative relationship between IFAD and Bangladesh.

Mr. Chairman, may I also note another distinguishing feature of IFAD which is demonstrated by this very conference: donor and recipient countries have met as equal partners in governing, in decision-making and in working together to provide plans and resources for projects. This, Mr. Chairman, is surely a concrete expression of the belief that food and poverty issues are world problems. They are not simply matters which affect only the Third World nations.

The initiatives taken by IFAD need to be sustained and expanded if we are to address the problems of poverty and hunger. Attention has to be focused as a matter of priority on food deficits and persistent poverty in the least developed countries. But this cannot be done except in the context of a congenial international economic environment. The overall declining trend in commodity prices, the uncertainties in the international capital and foreign exchange markets, the continuing debt problem and the stagnant international aid climate very adversely affect the transfer of resources to the developing countries from the developed world. They also create uncertainties regarding the future funding and resource replenishment of IFAD. If the international community intends to respond positively to the challenges of poverty and hunger and to let IFAD play its role effectively, an adequate provision of resources has to be made. This is a critical issue. I appeal to the donor Member Countries kindly to deal with this problem with imagination and determination.

We are happy that an agreement on the Second Replenishment of IFAD's Resources has been signed. Though quite modest, this agreement symbolises a general acceptance of the great importance of international cooperation in a vital area. In this context I wish to take the opportunity specially to commend the efforts of the Category I and Category II countries who have happily reiterated their support to IFAD. Coming as it does at a time of declining income, this support demonstrates those countries' unreserved commitment to North-South and South-South cooperation. We sincerely hope that the world community, particularly the developed countries, will continue and expand their support of IFAD. The negotiations for the Third Replenishment, which are expected soon, should ensure the uninterrupted flow of resources for the Fund in order to strengthen the Organisation without change to its structure and objectives.

Mr. Chairman, in recent times emphasis has been given to structural adjustment measures in developing countries. This has come in response to the changing international economic environment and to the countries' need to achieve higher economic growth rates. We in Bangladesh, like many other developing countries, have adopted adjustment and stabilisation policies. Some of these measures have achieved successes in varying degrees, though at some social costs. In many cases these policies place a heavy initial burden on the poor and the disadvantaged. It is necessary to moderate the adverse impact of such policies on the poor and the disadvantaged and to try to give "a human face" to adjustment measures.

Mr. Chairman, policy reforms and adjustment measures must not become separated from social and political realities. These must be taken into consideration because they set the limit of policy actions. While realistic policy dialogues must continue between the concerned agencies, IFAD should go ahead in devising special programmes with fast disbursing investment opportunities so that food production is increased and well targeted disadvantaged groups get maximum possible access to resources. In this context let me mention the case of Bangladesh which is the largest of the least developed countries. In spite of the difficult external and internal conditions, our economy, in the past five years, has demonstrated its resilience and capacity for resumption of growth following shocks and set-backs. We adopted a strong adjustment programme last summer. But unfortunately the country was hit by one of the worst floods of this century. Losses in property and assets amounted to nearly 8% of our GDP. In the face of such staggering losses a decline in per capita income this year is almost certain - despite assistance from the international community and a strong domestic effort. We have mounted a massive rehabilitation programme to reconstruct the rural infrastructure which was damaged extensively and to recoup agricultural production losses. My Government is emphasising targeted food-for-work programmes which combine rural investment with enhanced access to food for the poor.

A very heartening element in the cooperation between Bangladesh and IFAD is the latter's participation in the innovative programmes of the Grameen Bank in Bangladesh targeted at the rural poor. As you know, this venture encourages self-reliant group cooperation among the assetless poor. IFAD's cooperation with the Grameen Bank has particularly helped the most disadvantaged group among the rural poor - the rural women. It is estimated that over 70% of the borrowers from the Grameen Bank are women, mostly without any assets. While under normal conditions they would have no access to credit, the Grameen Bank has lent money without any collateral and yet the recovery rate exceeds 98%.

Mr. Chairman, we are thankful to IFAD for its valuable participation in the programmes of the Grameen Bank. We are also happy to note that IFAD is trying to replicate this model from our country in other developing countries.

Mr. Chairman, at the outset of my address I noted the contrast between the fairly positive overall trend in technological progress in food production and the relative lack of significant success in reducing the level of pervasive poverty, malnutrition and hunger in developing countries. Our experience in Bangladesh and the experience of several other countries in comparable circumstances point to the crucial importance of expanding productive rural employment if this contrast between the progress on two fronts is to be reduced. In this difficult but indispensable venture the role of IFAD will be of crucial importance in the coming years. This clearly points to the need for an enhanced response from the international community to IFAD's needs. I am confident that if IFAD is provided with the resources it so badly needs and richly deserves, it will be able to put on the ground powerful demonstrations of the realism and wisdom of its basic approach to the problems of developing countries.

Ladies and Gentlemen, today there is no greater challenge to the human conscience than the sight of people suffering from hunger. As long as the spectre of hunger haunts this Earth, there can be no real security which we so badly need, nor can there be peace for which we all long. Therefore, let us extend our cooperation and efforts to banish hunger from this Earth. Let us pool all our resources and ingenuity to achieve this end. It will be one of the matchless achievements in the history of mankind if we can reach our goal within the next decade. Let us resolve, therefore, to cooperate with each other to help IFAD realise its objective of saving millions from poverty, malnutrition and hunger.

Thank you.

Statement of Appreciation for the Address by His Excellency Hussain Muhammad Ershad, President of the People's Republic of Bangladesh, by the Governor for France on Behalf of the Member Countries of Category I

Mr. President,

May I, on behalf of the Member States of Category I, and on behalf of my own Delegation, thank you for having honoured us, Sir, by being with us to celebrate IFAD's Tenth Anniversary.

I would like to express our sincerest esteem and respect for the determined efforts that you and your people have made in your struggle for development. The efforts that you have made against poverty have been supported very early by IFAD as they were in line with the basic goals of this Organisation since its establishment. As was said by the Holy Father this morning, no one should nor must fight alone against poverty. He reminded us of our spiritual and moral duties in this struggle for development and you, Mr. President, have come to bear witness personally to us of the need of the poor and of the efforts that they have made, showing us the road that must be followed. Recently your country has suffered once again from floods that have stricken the rural populations with which IFAD works most directly, and we must not forget that many men and women throughout the world are faced with such terrible problems in the developing countries.

Therefore I would like to assure you, Mr. President, as well as the Governors of the other Member Countries of Category III, that our countries are more than ever aware of the need of international solidarity in the struggle against poverty. Thank you, once again, Mr. President, for your statement. We will certainly not forget the points you have raised.

Thank you.

Statement of Appreciation for the Address by His Excellency Hussain Muhammad Ershad, President of the People's Republic of Bangladesh, by the Governor for Iraq on Behalf of the Member Countries of Category II

Mr. President,
Your Excellency, President Ershad, President of the People's Republic of Bangladesh,
Your Excellency, Chairman of the Governing Council,
Your Excellency, the President of IFAD,
Honourable Governors,
Honourable Delegates,
Ladies and Gentlemen,

On behalf of the Catetgory II countries, it gives me great pleasure, and it is indeed an honour to welcome President Hussain Muhammad Ershad, President of Bangladesh, and to thank him for gracing us with his presence on this Tenth Anniversary of the establishment of IFAD. I know that coming all the way from Bangladesh was no easy matter and therefore he is due double thanks for coming to join us in our celebration of the Tenth Anniversary.

This Fund feels proud, and rightly so, because it has achieved such success in combatting the greatest scourge which the greatest parts of this world's countries suffer from: hunger and malnutrition. This Fund was successful in extending help to your country, Bangladesh, and we are sure that during these years you have exerted every effort in order to combat the natural and economic problems which surround you. We salute the spirit of sacrifice and the spirit of labour and effort. We wish you every success always.

Thank you.

Statement of Appreciation for the Address by His Excellency Hussain Muhammad Ershad, President of the People's Republic of Bangladesh, by the Governor for Madagascar on Behalf of the Member Countries of Category III

It is a great honour and privilege for the Ambassador of Madagascar to address His Excellency Hussain Muhammad Ershad, President of the People's Republic of Bangladesh, on behalf of the Category III countries.

Mr. President,

I have the very pleasant duty, on this exceptional occasion which you have graced with your presence, to congratulate you, first of all, for the words, which were so full of wisdom and experience, that you have just addressed to this distinguished assembly, the Eleventh Session of the Governing Council of IFAD, and to thank you for having come here to uplift the celebrations of IFAD's Tenth Anniversary by your presence. How can one fail to see this as the proof of the mutual and ardent interest of all of us, and certainly of our two countries, and of all the countries of the Third World represented here. I have no embarrassment in expressing to you, on their behalf, the unanimous sense of gratitude which fills our hearts.

The fact that we have never been in disagreement whenever our interests were at stake, the fact that our successes and our failures have always weighed heavily on whatever has happened to others, the fact that despite our differing internal and external conditions we have never allowed them to divide us, means that our countries - and by that I mean the Category III countries - love one another and know by instinct and by experience that their destinies are linked. I would go further still and say that your coming here is a triumph for the patriotic pride of your Nation, of your people. And when your people welcome you home on your return to Dhaka, this will bear witness to you of their satisfaction with the services which you render them so well.

As the craftsman of the history of your young Nation, through the daily exercise of your functions, which are so full of responsibilities, you have managed to give it that vigour it has needed for its development.

We know, Your Excellency, that your country has a unique experience with development projects for the rural poor and the poorest small farmers. Most of the projects, the total value of which now exceeds US$ 100 million, have been used to raise the living standards of the landless peasants, for which IFAD was originally planned and established. And we also know that it is in your country that the original and effective system of rural credit known as the "Grameen Bank" was designed. It is no exaggeration to say that the Grameen Bank has become one of the greatest success stories in the history of rural development and has proven itself to be the most efficient institution to help the rural poor, and especially women who account for 74% of the protagonists of these projects. The Grameen Bank is playing its part in solving unemployment, and is raising incomes considerably in the rural zones.

Bangladesh's marvellous experience will fortunately spread like wildfire throughout the countries of the Third World. And I am certain, Sir, that South-South cooperation will be greatly enriched by this contribution and be strengthened by the effective and constant contribution of your country. You have given the best demonstration of the excellence of your ideas to help the poor small farmers. We must congratulate you for having always suported just and equitable causes. We are happy to know that the interests of democracy and freedom are in good hands with you, that freedom which - as John Paul II said in his 1988 Message of Peace - is an inalienable requirement of the dignity of all men, a cornerstone in the building of human rights. By agreeing to be present here, despite your heavy responsibilities, you have given yet more proof of the interest you have in IFAD and of the constant concern which you have always shown for development and progress in the rural regions of your country. This is proof - if that were ever needed - of your determination to go ahead, of a dynamism which is, and must be, the crowning of your choice on behalf of the most deprived. We sense and see the far-reaching development of your country in the life, work and living conditions of that great class which constitutes the heart of your people.

Bangladesh is facing the end of our century with a moving and remarkable will to run its own future, not only in terms of its economic, industrial and scientific/technological development, but also in the maintenance of peace, security, detente and cooperation between States. The Community of Peoples is following its progress with impassioned attention. I have not a single moment's doubt that the countries in my category will join me in expressing their hope that Bangladesh will have a fruitful and successful future which lives up to the national resolve.

Thank you.

Statement by the President of IFAD, Idriss Jazairy

Mr. Chairman,
Excellencies,
Honourable Governors,
Distinguished Delegates and Observers,
Ladies and Gentlemen

Let me extend to you a warm welcome to the Eleventh Session of the Governing Council, which commemorates IFAD's Tenth Anniversary. I address a special welcome to our new Member, the Republic of Trinidad and Tobago. I would also like to congratulate you and the other members of the Bureau, Mr. Chairman, on your election. The presence of His Holiness the Pope John Paul II and of three eminent Heads of State or Government at this session of the Council is a moving expression of empathy with the Fund.

Vulnerability of the World Food Economy

In spite of the proclaimed recognition of the necessity to eliminate hunger, the world of the rural poor is still a harsh place. The world food system as a whole remains extremely unstable. The re-emergence of the threat of famine in sub-Saharan Africa within a very short period of time after the previous emergency and the drought in South Asia suggest that the drought cycle itself might be shortening ominously. Finally, the global food shortages of the 1970s were overcome only to be replaced during this decade by the cruel paradox of hunger amidst record global surpluses.

Understanding Rural Poverty

Developing a better understanding of rural poverty has been a keynote of the first decade of the Fund's operations. IFAD has, in particular, conducted in-depth poverty analyses in 50 of the 89 developing countries benefitting from its loans. These analyses, as described in the 1987 Annual Report, have sought to identify, in order better to reverse them, the processes which keep the poor destitute.

Internal and External Constraints

The processes have at times stemmed from national policy and institutional biases which impact adversely on the rural poor. The domestic policy constraints have been compounded by adverse international factors. Governments of developing countries when addressing the need for smallholder output are increasingly constrained by the debt service burden, by erratic commodity prices and by their exposure to competition from subsidised commodity exports on world markets.

This has led me to suggest the repayment of the most onerous part of sub-Saharan Africa's bilateral public debt into a local currency fund under IFAD auspices. This fund would support, in consultation with creditors, investments in food production and develop the productive potential of the rural poor. The unbearable impact on the rural poor of the external debt of Latin America and the Caribbean, for its part, must also find a decisive solution.

The way multilateral trade negotiations develop under the Uruguay Round will also be crucial in this regard.

A Better Climate for the Future

In spite of the many constraints I have mentioned, there is no cause for despondency. In Asia, several countries have achieved food self-sufficiency or near self-sufficiency. Pioneering experiences are also being undertaken in this field in the Arab region. African leaders for their part have already adopted courageous policy and institutional reforms which, in at least some cases, are mitigating the worsening trend in food and agricultural production. In Latin America, the political leadership has recently expressed its determination to tackle the vexing problem posed by the persistence of pockets of poverty.

The Fund's Accomplishments

Mr. Chairman, IFAD's Tenth Anniversary cannot be treated as a cut-off point between the end of an era and the beginning of another. It straddles, as it were, a continuum.

Looking back on past accomplishments, I must at the outset pay tribute to my eminent predecessor, Mr. Abdelmuhsin M. Al-Sudeary, of the Kingdom of Saudi Arabia, a country which, in spite of adversity, has continued to play a pioneering role in the replenishment of the Fund's resources. Mr. Al-Sudeary devoted untiring efforts to translate the concept of IFAD into a reality. He led the institution very much in the right direction.

IFAD's Strategies for Rural Poverty Alleviation

Faithful to that overall direction, we have, on our part, endeavoured to promote the specificity of IFAD by further elaborating appropriate strategies. These are intended to ensure that while remaining cost-effective, the Fund's projects direct their benefits specifically to the target group, who are helped to become more self-reliant.

As innovative development projects of the type IFAD supports must be sustainable beyond the period of external finance, increasing emphasis has been placed by the Fund on the development of institutions and on their viability.

This is why IFAD's Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification has focussed on both rehabilitation and the self-reliant development of smallholder agriculture.

Special Programme for Africa

The Fund has made significant progress with the implementation of the Special Programme. Already about US$ 280 million has been mobilised with contributions from all but very few industrialised countries, from the European Communities (EC) and even from four African countries. I am pleased to say that we have received indications from several contributors that they are considering a further increase in their contributions to the Special Programme. I therefore appeal to all to make the modest effort necessary to attain the US$ 300 million objective which is now well within reach.

Implementation and Evaluation

Mr. Chairman, in its first ten years of activities the Fund has approved 220 projects to which it contributed US$ 2.3 billion. As past projects are maturing, greater emphasis is placed on their evaluation. The purpose of the exercise is not to allocate blame or praise but rather to improve upon our performance by incorporating lessons learnt into new projects. The Evaluation Committee established at the last session of IFAD's Executive Board will further enhance this process.

Accountability, which goes with evaluation, implies effective responsibility. A critical issue is therefore to ascertain that our ideas are not limited to appropriate policy pronouncements but are translated at the field level. This is leading the Fund to participate increasingly in the supervision of the implementation of IFAD-financed projects.

Tenth Anniversary Events and New Directions

Mr. Chairman, we organised a series of events to commemorate the Tenth Anniversary through voluntary contributions from Member Governments, for which we wish to thank them. We intended these events not to be of a ceremonial nature, but to assist the Fund in charting a course of action for the next decade.

People's Participation and Collaboration with NGOs

Thus, for example, we tested our approaches to participation by reviewing them with farmers at the grass roots level in workshops held in Kenya, Nepal and Tunisia, in collaboration with a non-governmental organisation (NGO), the International Federation of Agricultural Producers (IFAP). This will enable us to fine tune our approach to participation and to make it more responsive to specific local situations.

The participation of NGOs in a number of Tenth Anniversary events is a testimony of the Fund's determination to further expand its cooperation with them more and more. In 1987, the Fund's Executive Board authorised an allocation up to US$ 350 000 in grants annually for this purpose. I take this opportunity to invite interested governments and NGOs to consider matching this amount and thus strengthen participatory approaches at the grass roots level.

Decentralising IFAD-supported Research

In an anniversary event held early in 1987, the Fund acted as host to an International Consultation which helped us develop a new dimension to IFAD's support for agricultural research efforts. This aims at initiating a process of decentralisation to strong national institutions in developing countries of applied research and training activities in our areas and which are now carried out by international and regional centres. This may lead over time to an updating of the research agenda for the international and regional centres, focussing on the more difficult issues of basic research and of the emerging new frontiers of science in biotechnology, particularly for the benefit of the Fund's target group.

Rural Credit and Rural Women

Another Tenth Anniversary event, to be held in Bangladesh in spring this year, will focus on new ways of developing credit operations for landless rural women.

Support for rural credit in general and for economic activities of women in particular is very critical in the case of significant segments of isolated populations in south and southeast Asia and in the island states in the Pacific Ocean. The latter pose, however, a different type of development problem because of their narrow economic base. An increasing number of new projects for these islands are expected to mature in 1988. Their specificity rests, in particular, on their support for traditional local credit institutions.

Enhancing and Protecting the Environment

Yet another International Consultation - this one on environmental issues as they relate to smallholders - is scheduled for June 1988 in Algeria. Through this consultation we are interested in seeing how poverty and ecology interact and how we can reverse the present negative linkage between the two.

The Consultation will also help us, inter alia, to determine how best to support the smallholders and pastoralists in the Sahel, North Africa and the Near East, which likewise are grappling with environmental degradation and an increasing food deficit. Furthermore, it will enable us to reflect on the replicability of the first pilot project under preparation for the integrated development of a watershed spanning two neighbouring countries, Algeria and Tunisia.

Fighting Pockets of Poverty and Promoting Micro-Enterprises

A highlight of IFAD's Tenth Anniversary was the International Panel on Investment Strategies to Combat Rural Poverty, convened in Brasilia, last month. From the Panel we have drawn the conclusion that in Latin America and the Caribbean, the Fund should further sharpen its focus on pockets of rural poverty. The Fund will also draw on the experience it is gaining in adopting measures for sub-Saharan Africa to protect the rural poor from possible adverse consequences of structural adjustment programmes. This will make it possible to adopt similar measures in Latin America and the Caribbean. Finally, in the light of these deliberations, we have also identified the development of micro-rural enterprises as yet another area for IFAD's concern.

Global Recognition and Awareness

In addition to helping shape the Fund's future policy directions, the Tenth Anniversary events I have discussed have also served to promote global recognition and awareness of IFAD's aims and effectiveness. In this respect, the United Nations Postal Administration (UNPA) has issued six commemorative stamps this year. The Universal Postal Union (UPU) then recommended to its member states the issuance of such commemorative stamps. So far several governments in Asia, Africa, Latin America and the Near East have followed this recommendation. Likewise an International Art Show for the End of World Hunger under IFAD auspices is currently helping to raise public awareness of rural poverty, as well as funds, for the Special Programme for Sub-Saharan Africa.

Typical of these consciousness-raising events was the decision of the United Nations Association of the United States to devote its United Nations Day Celebration in Washington last autumn to "Saluting" IFAD for its achievements. On this occasion I was handed a message from the President of the United States praising IFAD for offering "a brighter future around the globe", which he said "is a true blessing for humanity".

The Budgetary Restraint

This, together with messages which this Council is now receiving from several Heads of State or Government for the Fund's tenth birthday, is a valuable encouragement to the Fund to pursue its challenging task. We intend to do so in all humility without losing sight of the necessity to maintain administrative costs down to a minimum. It is in the light of this consideration that the 1988 Budget being presented to you at this Council session represents a reduction in real terms in comparison with the Budget of 1985.

IFAD's task covers essentially a dual activity, portfolio management of past projects and that of new project development.

The number of effective projects under implementation increased five-fold between 1980 and 1987. However, the added costs involved in increased portfolio management will have been more than covered by the proceeds of the service charges paid to IFAD to provide this service.

As for expenditure on new programme development last year, IFAD has ensured that this did not involve more than 7 cents for every US Dollar of resources committed. This lean and streamlined style of management will continue to characterise the Fund's administration in the future. The team spirit and harmonious staff relations to which I attach the highest value are essential ingredients in this style of management. I am in particular indebted to the staff for their devotion and dedication in the pursuit of our common objective. Later on during this session, we shall be honouring those staff members who deserved particular distinction.

Multiplying Resources

The effective management of administration and budget is related to the availability of resources for the pursuance of the Fund's objectives. In addition to mobilising its own resources, IFAD has played an important catalytic role mobilising further resources from other donors.

Between the first and the second five-year periods, the cofinancing of IFAD-initiated projects by both multilateral and bilateral donors rose more than three-fold. A very preliminary assessment shows that IFAD-initiated projects have been particularly successful in reaching and involving the rural poor. Interested institutions and bilateral donors may, therefore, consider cofinancing a larger proportion of projects initiated by the Fund itself.

New approaches may be considered to expand the scope for cofinancing with bilateral donors. These might include, inter alia, agreement on trust funds, longer-term cofinancing targets, participatory arrangements of the type entered into with the Governments of Belgium, under the Belgian Survival Fund, The Netherlands or Norway.

Resources for the Future

Mr. Chairman, this year will, I am convinced, provide the opportunity to start the Fund's second decade on a firm financial foundation.

The conclusion that I draw from the deliberations of the High-level Intergovernmental Committee, which met last year, is that the critical ingredients for successful Third Replenishment negotiations are all there. These include, first and foremost, the general commitment to preserve IFAD as a unique expression of North-South partnership. The second ingredient has to do with the prospective flexibility in the relationship between traditional contributors. A third and novel potential ingredient is the prospect for the development of a coalition between traditional developing key contributor countries and several larger or relatively more advanced recipient Members, who have expressed a readiness to work together to reinforce the resources of the Fund. Recipient countries in general will receive an additional incentive to make higher convertible currency contributions as a result of what I see as a willingness of the industrialised donor Members to match this effort.

It is true that many countries in the South and to a lesser extent in the North are going through a severe economic crisis but this provides all the more reason to strengthen IFAD as the crisis entails particular hardships for the Fund's target group. One cannot be committed to combatting hunger and poverty, to supporting women in development and grass roots participation, and in the same breath deny support to an institution whose very raison d'être is to deal exclusively with these issues.

All Member Countries thus have a common stake or commitment in supporting IFAD. This joint endeavour will, no doubt, strengthen our collective capacity to ensure a true liberation of humanity from the scourge of poverty and hunger.

Thank you.

Special Address by His Excellency Abdelmuhsin M. Al-Sudeary, Former Chairman of the Preparatory Commission, First President of IFAD and Ambassador of the Kingdom of Saudi Arabia to the Republic of The Sudan

Mr. Chairman,
Mr. President,
Honourable Governors,
Distinguished Delegates and Observers,
Ladies and Gentlemen,

It is most gratifying to be with you again, for I could not forgo the opportunity to celebrate the Tenth Anniversary of IFAD and witness the valuable progress it has made.

A good number of us present here today will recall with pride the birth, ten years ago, of this unique institution, which was entrusted with the difficult but noble task of launching the decisive battle against hunger. I have been greatly honoured to be associated with this institution and I am proud to note that, during this relatively short period, IFAD has firmly established itself as a leading and innovative institution in the struggle for a world free of hunger. I am confident that under the leadership of President Al-Jazairy the Fund will achieve greater success.

The presence of His Holiness the Pope and the three Heads of State or Government at this special session is a clear manifestation of your ability, Mr. President, to foster support for IFAD and its noble objectives.

Mr. Chairman, IFAD's mission is a mission of hope and compassion for the world's poor. The Fund has brought hope and dignity to the struggling millions of rural poor in developing countries. In doing so it has lived up to expectations and clearly merits the continued and strong support and confidence of Member States as it now enters the second decade of its existence. The success of IFAD can be traced back to the basic philosophy which inspired its founding fathers. This calls for the treatment of people as a centerpiece of development. In its operations IFAD has consistently designed its development efforts in a manner that preserves human dignity and exploits creative potential. Without such an approach, no amount of intervention from the outside could induce rural societies in the developing countries to become self-sustaining and self-reliant. This approach also suggests that the poor cannot be truly helped if they do not participate in planning and implementing development efforts from which they would benefit.

IFAD's unique tripartite structure represents a new era of international cooperation. IFAD is a vivid example and living proof that rich and poor countries can work together in combatting the common enemies of poverty and hunger. The fact, Mr. Chairman, that the Fund's governing bodies have throughout the past ten years operated by consensus is a true manifestation of this new spirit.

During its first ten years of operation, IFAD extended loans to 89 developing countries to finance 220 projects. The total of IFAD loans to these projects, as has been said by the President a few minutes ago, is over US$ 2.3 billion, including technical assistance grants of about US$ 120 million. It is estimated that the projects funded so far will result in additional food output equivalent to 24 million tons of wheat, representing more than 20% of the cereal imports of developing countries and benefitting over 18.3 million families, or approximately 110 million people. These are, of course, estimates. IFAD has thus set an irreversible upward trend in the establishment and the mobilisation of funds for the rural poor and I believe, Mr. Chairman, that such momentum should be maintained.

IFAD has introduced new ideas: targetted interventions, group loans in credit projects, banking for the poor, employment generation in rural off-farm activities and development assistance to integrate women in the development process. By adopting its mandate swiftly and effectively, IFAD immediately began to confront the vicious circle of drought and hunger, particularly in sub-Saharan Africa.

In this context, the innovative Belgian Survival Fund and the Special Programme for Africa were established to meet the challenges of combatting head-on the problems of drought, desertification and hunger. The careful selection of quick-yielding projects through these programmes has given IFAD a name synonymous with innovation in rural and agricultural development. This represents a significant step forward in the battle against poverty and hunger, but more remains to be accomplished.

Mr. Chairman, the developing countries continue to experience high unemployment, slow economic growth, as well as an unprecedented high level of external debt. Many have had to cope with repeated drought and crop failures. IFAD was created to ensure that developing countries, particularly the very poor, get a major share of development aid. It is therefore incumbent on us to make sure that IFAD is guaranteed a regular and stable source of funds.

Although IFAD's resources will continue to be mobilised under the charter established ten years ago, we should not lose sight of the fact that the economic circumstances prevailing today are totally different from those of ten years ago. All partners involved in future replenishments should work together to establish a mechanism based on objective indicators. This way the long process of replenishment could be shortened and uncertainities facing IFAD's future would be eliminated.

In this connection, Mr. Chairman, I would like to make a special plea. We are all aware of the loss of momentum in multilateralism in the past five years. This is indeed worrying. Although sovereign states have the right and the obligation to pursue policies which are in their interest, I believe that, considering the unique mandate of IFAD, we should do everything in our power to reinforce, not diminish, the spirit of multilateralism in IFAD which is built on North-South and South-South dialogue. In the second place, Mr. Chairman, I believe that we owe it to coming generations to secure for them a bright future. The poor are victims of a simple paradox. Resources are there, technology is there, and with the political will to put the two together, the problems of poverty and hunger in the rural areas of the developing countries can be eradicated.

I firmly believe that multilateralism is and will continue to be an effective mechanism for combatting the common enemies of poverty and hunger. This is particularly true in view of the fact that today more than 1.4 billion people require help through innovative and appropriate development assistance. They not only require an improvement in their means of subsistence but also in other necessities such as schools and better health care and drinking water.

I would like to call on all of IFAD's partners to join hands and double their efforts to speed up the successful completion of the Third Replenishment. It is my hope that the same spirit of cooperation, which guided your deliberations during the Second Replenishment, will once again prevail.

Thirteen years ago we conceived IFAD. Today, we meet again celebrating its tenth birthday. I sincerely hope that this special Fund of ours will enjoy a healthy and long life so as to fulfill the mission we entrusted to it.

Thank you very much.

Address by Mr. Gerald I. Trant, Executive Director of the World Food Council, on Behalf of the Secretary-General of the United Nations, His Excellency Javier Pérez de Cuéllar, and the Bureau of the World Food Council

Mr. Chairman,
Mr. President,
Members of the Governing Council,
Ladies and Gentlemen,

On the occasion of the Eleventh Session of IFAD's Governing Council, I am honoured to bring the greetings of the Secretary-General of the United Nations and those of the President and Bureau of the World Food Council.

The International Fund for Agricultural Development and the World Food Council, both United Nations bodies, share a common heritage because the World Food Conference of 1974, meeting here in Rome, in EUR, recommended their formation. The World Food Council secretariat was honoured to have had a part in the initial negotiations for the funding and establishment of IFAD.

It was in 1984, in Addis Ababa, that the World Food Council celebrated its Tenth Anniversary. The Council's members forcefully recognised at that time that the existence of hunger and malnutrition could no longer be blamed on mankind's inability to produce since there was food enough for all; that hunger and malnutrition were largely man-made phenomena created by human error or neglect; that if human complacency perpetuated it, human resolve could eradicate it.

Today, in a more difficult economic environment characterised by increasing numbers of hungry and malnourished people and continuing food surpluses, the main challenge to be met remains the historic responsibility for all governments to ensure that food is provided as a fundamental right for all people. As the World Food Council's ministers stated in the Beijing Declaration, adopted at their Thirteenth Session last June: "Humanity can feed itself if it adopts the proper means, but these means depend on the political will of governments and the international community to win the common battle against hunger."

Among the United Nations food and development agencies, IFAD has been able to demonstrate that well-directed efforts aimed at raising food production and improving the lives of small farmers around the world can be part of the global strategy that is needed. Sadly, these efforts are now being threatened by a shortage of funds which are essential in bringing about the vitally important results.

As the food policy body of the United Nations system, the World Food Council will continue to stress that the well-being of humankind, including the elimination of hunger and malnutrition, must be at the front and centre of the development process. I believe the focus on increasing human well-being is required to encourage the complementarity and coordination of national and international agencies.

IFAD's special responsibility, unique among United Nations agencies, is to improve the lot of the rural poor. Thus, IFAD puts the improvement of the human condition as its prime objective and you have a special responsibility to ensure that IFAD has the resources and the means to do its job.

Thank you, Mr. Chairman.

Welcoming Statement by the President of IFAD, Idriss Jazairy, on the Occasion of the Visit of His Excellency Dr. Kenneth David Kaunda, President of the Republic of Zambia and Current Chairman of the Organization of African Unity

Your Excellency,

It is indeed a great pleasure and a privilege for me to welcome you, on behalf of the Council and on my own behalf. We welcome you as President of the Republic of Zambia and as Current Chairman of the Organization of African Unity to this Eleventh Session of IFAD's Governing Council.

President Kaunda needs no introduction. He is a great son of Africa. A charismatic leader, one of those distinguished statesmen of Africa who forged the independence of their countries and changed the course of history. He has not only led his own country and people to freedom but has been unflinching in his principled support for the liberation struggles in Africa and elsewhere.

Beyond the struggle for political freedom, President Kaunda has also been a champion of the economic liberation of the oppressed and an eloquent and universally respected advocate of the concerns of the developing countries in the world fora. He was thus very appropriately called upon to serve successively as the Chairman of the Movement of the Non-Aligned Countries and for a second time as Chairman of the Organization of African Unity.

Your Excellency, IFAD is an organisation dedicated to concerns close to your own heart: the alleviation of hunger and rural poverty through helping smallholder communities to become self-sufficient.

IFAD's activities in Africa have increased sharply in recent years. In particular, the Special Programme for Sub-Saharan Africa is being pursued vigorously and nearly all the industrialised countries and even some of the least developed countries and other countries in Africa have contributed to it. In fact, we note that in the course of this session we are just about to reach the US$ 300 million objective and this is, I think, a great boon. A Special IFAD Programming Mission has considered ways to strengthen cooperation with the Front Line States and we are now also seeking to intensify collaboration with the Preferential Trade Area for Eastern and Southern African States, whose headquarters are in Lusaka.

In Zambia itself, IFAD has long been engaged. The Fund has financed several projects, the last of which we concluded only a few weeks ago, when I had the pleasure to be in Lusaka and benefited from the words of wisdom and the inspiring guidance, which you were so kind as to provide to me, Your Excellency. This makes me all the more grateful to you, Mr. President, for having accepted to come here to address our Council and give to all of us the opportunity to share your wisdom and hear the voice of Africa. We look forward with deep interest to listening to your address.

Address by His Excellency Dr. Kenneth David Kaunda, President of the Republic of Zambia and Current Chairman of the Organization of African Unity

Mr. Chairman of the Governing Council,
Mr. President of IFAD,
Distinguished Members of the Governing Council,
Excellencies,
Ladies and Gentlemen or Sisters and Brothers,

In the first place, I wish to thank you, Mr. President, for your very kind words of welcome extended to me and my entourage. It is indeed a great pleasure for me to have been accorded this opportunity to address this special session of the Governing Council, which coincides with the Tenth Anniversary Celebrations of the International Fund for Agricultural Development (IFAD). On behalf of the people of Zambia and Africa as a whole, and indeed on my own behalf, I wish to thank you once again, Mr. President, for your invitation, which has enabled me to join you on this auspicious occasion.

Mr. Chairman, to some of us IFAD is a special organisation close to our hearts. When I say IFAD is close to our hearts, I am not just being polite to you, my hosts, who are doing so much for the poorest of the poor in our one human society. In Zambia, and guided by our philosophy of humanism, which puts Man at the centre in all that we think, say and do, we recognise two lines of evil in our human society. The relevant one to my contribution this morning is fighting poverty and its offshoots of hunger, ignorance, disease, crime, corruption and, above all, exploitation of man by man. Hunger, Mr. President, is truly a product of poverty. To defeat it we really need to tackle poverty in all its manifestations. From your own programme we know this is exactly what you are doing, hence my saying IFAD is a special organisation and is indeed very close to our hearts.

When we talk of hunger in the developing countries, we are acknowledging the existence of poverty in these countries. If we should defeat poverty using the right tools, hunger can be wiped out. There is no doubt at all that the natural resources that exist in most developing countries are abundant enough to feed the existing populations of these countries a hundred times over. Mr. President, this is no exaggeration. What then is keeping that hunger not only unending but also seemingly refuelled? Why is there desertification and alarming proportions of soil erosion in Africa and many other developing countries?

Mr. Chairman of the Governing Council of IFAD, Mr. President of IFAD, all Distinguished Members of the Council, Your Excellencies, Ladies and Gentlemen, Sisters and Brothers, there is no doubt in my mind that the people of Africa and indeed other developing countries, who today are poverty-stricken and the main victims of hunger, appreciate greatly the contribution that the developed world is making towards feeding them through donations of food, clothes, etc. But, Mr. President, how wise is the saying which says give a man a bowl of food and he will eat for a day but teach him to grow food and he will eat for a lifetime. This is what is required to be done.

The developing world has, as I have already pointed out, abundant human and natural resources but that part of our one world lacks two other important factors, namely capital and technology. Let me qualify that technology by calling it appropriate technology. Equipped with this it would take only a few years before we could defeat poverty and all its offshoots, including the main one of hunger.

Mr. Chairman, I am aware of the fact that African Governments are usually castigated for allegedly working out wrong policies. This may be so but only to a certain extent and, indeed, it should not be forgotten that the first country to become independent in modern times, apart from Egypt, Ethiopia and Liberia, was Ghana, and that was only a little over 30 years ago. The whole of Africa was in the grip of imperialist and colonialist powers. Colonies, Mr. President, were for exploitation of both human and natural resources. They were not for developing human resources.

Take Zambia as an example. At Independence in 1964 we had only 100 university graduates and by far the greatest majority of these were in the field of humanities. There were only about two medical doctors and one engineer. We had exactly 1 120 Zambians who had reached the senior secondary school level of education. That was after some 70 years of rule by my British friends. We have had to build primary and secondary schools. Indeed, we have had to build colleges and universities in order to develop the much needed reservoir of educated and trained manpower. But these, Mr. President, need to gain experience.

What I am saying, Mr. Chairman and dear colleagues, is that while we accept our limitations we must not jump to very cruel conclusions without examining both the causes and the effects. IFAD, therefore, must continue to work out programmes that will help us in developing countries get both the capital and the know-how which will help us fight poverty with all its offshoots.

I think this is the platform I would like to use to refer to one method which IFAD might use effectively in this struggle, for struggle it is indeed. I am inviting the developed world to take seriously the joint venture approach. The joint venture approach has many advantages. Some of these are:

(a) they help to build lasting bridges over the gulf of suspicion and fear which quite often leads to ill will between developing and developed countries;

(b) where these exist they have shown that our human and natural resources can be developed to the mutual benefit of both the developing and the developed world.

Joint ventures, therefore, can do a lot to build happier human relations between the two sides. They breed more cooperation and not confrontation between the two sides. Surely nothing can be more worthwhile in life than the art of building bridges between the various parts of our one world and one humankind. I believe IFAD has a very key role to play in this programme. Mr. Chairman, Mr. President, Ladies and Gentlemen, Sisters and Brothers, speaking of the need to invest leads me to the important question of international trade. The lopsided nature of trade in our one world is yet another major factor that keeps Africa and other developing continents poor. When we call for a new economic order we mean just that.

For some time now, and indeed to be specific for Zambia, since 1973, when oil prices rocketed very sharply, we have faced helplessly a situation whereby all our primary commodities have fetched very little in the markets of the developed world, while the goods and services which we must get, and indeed get from the developed countries, have also risen very sharply, very sharply indeed. There is, of course, also the protectionist policies which the developed world has been implementing for some time. As if all these were not enough, we have suffered long drawn-out droughts and at times heavy floods, which equally are destructive.

Even with this background, donor countries and organisations have continued to demand that we pay them what we owe them, and that on time. So it is against this background that most of us have worked out restructuring policies. Because of what we owe other people and because of the demands that we should pay on time, these restructuring programmes, Mr. Chairman, have not taken into account social problems. The result has been social and political unrest in most of our developing countries.

Lest I should be misunderstood, the developing countries are aware that there is a lot of re-thinking on these matters in a number of capitals of developed countries. Indeed, a handful of countries have acted on this question of debt relief and we are immensely grateful to them. Our prayer is that donor countries and organisations that have not yet found their way to easing this debt burden will work out measures sooner rather than later. There is grinding poverty leading to frightening famine. Food donations are most welcome but they can also lead to delays in the peasant working to feed himself. Where food donations are not part and parcel of a programme to make the peasant self-reliant in food production, they have been a handicap rather than a help. We need to reach the right balance between food aid and aid for self-reliance.

My dear Sisters and Brothers, it would not be morally right to discuss IFAD programmes without reference to the confrontation that exists between East and West in the same way as I have discussed possible solutions to the confrontation that exists between North and South. Here again, we need to build bridges across the chasm of doubt and suspicion leading to hatred and possible conflict between NATO and Warsaw Pact powers. Every person involved in one way or another in public life knows today that no one would win or lose a nuclear war. If that happened it would spell the end of the human race and of civilisation as we know it today.

It is with this in mind that we in Zambia, Mr. Chairman, and indeed Africa as a whole, very much welcome the dialogue that has developed between President Ronald Reagan and General Secretary Gorbachev. Fortunately this dialogue has led to something concrete in the form of the Intermediate Nuclear Force (INF) Treaty. We hope and pray that this breakthrough will lead to many other agreements, for we not only need these agreements to make our world safer but we also need these agreements to make our world happier. We need to defeat poverty and its offshoots to which I have referred already, but we also need to enjoy all the major freedoms spelt out in the United Nations Charter.

Mr. Chairman, Mr. President, dear Sisters and Brothers, those hundreds of billions of dollars, yes, those hundreds of billions of roubles now being wasted by spending them on nuclear weapons, would certainly help mankind to invest in the development of man, IFAD included, so that he reaches a stage where he can build human relations based on loving thy neighbour as thou lovest thyself and doing unto others as you would have them do unto you. Mr. President, we cannot work towards this goal in an atmosphere polluted by nuclear weapons. I know it is argued that the Soviet Union has superior conventional forces over the West, but I believe myself, having met General Secretary Gorbachev, that when he offers the West peace, genuine peace, in freedom, he means that. The West should not doubt him before they try him in earnestness. This for everybody is a matter of life and death. The West has a duty to itself as well as to mankind not to fail to receive General Secretary Gorbachev's hand of friendship.

Mr. Chairman, IFAD is a freedom-fighting movement, fighting poverty and all its offshoots of hunger, ignorance, disease, crime and, above all, exploitation of man by man. I cannot, Mr. Chairman, Mr. President, Ladies and Gentlemen, end my address without referring to the fact that IFAD is a multilateral development finance institution which addresses mostly the problem of the smallholders, the landless, artisans, fishermen and the poor generally, and that it is an institution which is based on the recognition of the mutually reinforcing effect of poverty alleviation and the development of food.

From what I have said, we in Africa appreciate greatly what IFAD stands for, but there is one area, Mr. President, on the continent of Africa, where your worthy efforts would not be effective. I am referring, of course, to South Africa and Namibia in particular, and the entire Southern African region as a whole. There the abominable system of apartheid, which is an affront to the whole international community, day in and day out, is doing everything possible to make the poor poorer. This a deliberate and a conscious decision on the part of the white racist regime to dehumanise the black people. Today, Mr. Chairman, Mr. President, dear colleagues, Ladies and Gentlemen, thousands of innocent men, women and children in Angola and Mozambique, through the bandits of UNITA and MNR respectively, the surrogates of South Africa, are dead or are being maimed. Indeed, thousands more are homeless. They are refugees. Their property has been destroyed. South Africa organises these bandits. South Africa equips them. South Africa sends them to kill their fellow men. Indeed, thousands of South African racist troops are now in Southern Angola attacking and killing Angolans. In Botswana, Zambia and Zimbabwe bombs planted by racist agents continue to explode in our respective towns as well as rural areas. Mr. President, within South Africa itself thousands of black people have died, victims of racist violence, ever since the racists took over the reins of power. In Namibia also, hundreds of people are dying, more maimed and yet others are up-rooted from their homes.

Once again, we call upon the international community to apply comprehensive mandatory sanctions. It is the only course left to bring sense to the ruling clique of racists in Pretoria. Those who oppose sanctions should not use the black man as their reason for not applying those sanctions. We know what the real reasons are. They are more worried about what will happen to their heavy investments. Surely if the human sufferings of the black people in that region cannot move them into action, then at least let the fear of an explosion which will destroy their investments move them into some action.

Mr. President, IFAD, in its ten years of existence, has financed 220 innovative projects in 89 countries of the developing world with adequate results. Its programmes have involved a commitment of over US$ 2.3 billion with a further nearly US$ 8 billion dollars in support financing. IFAD's programmes have also not been restricted to one region, but spread to areas in Asia, the Middle East, Africa and Latin America. Indeed, it is heartening to learn that all the valuations carried out by independent studies have lauded IFAD's successes and effectiveness in dealing with peasants, the landless and the poor.

I therefore take this opportunity to commend and congratulate the President of IFAD and his staff for their valuable contribution towards the eradication of rural poverty and its offshoots and for the success of their programmes. For these reasons, we hope and pray that IFAD will continue to be supported.

Mr. Chairman, may I also congratulate IFAD for its initiative in launching the Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification. I am happy to learn that over two-thirds, in fact now I am told it stands at US$ 292 million for this Special Programme, have already been pledged, just US$ 8 million short of the US$ 300 million mark required. I have also noted with satisfaction and gratitude that out of the 23 targetted beneficiaries, 11 countries, including my own country, are already benefitting from this Special Programme.

I take this opportunity to thank all those countries that have contributed to the IFAD Special Programme. In line with the Resolution passed at the recent Summit of the Organization of African Unity, may I appeal to the international community, especially those industrialised countries which have not yet pledged their contributions to the Special Programme, to do so now. Let us hope that, at the end of this Governing Council, the countries concerned will announce the good news of their pledges so that the targetted figure of US$ 300 million will be attained.

Mr. Chairman, the task facing mankind in alleviating poverty and all its offshoots among the poor rural communities, is an enormous one. It calls for concerted action through integrated programmes involving training, credit, rural development, extension, supply and marketing services. IFAD, through its noble strategy of growth from grass rocts upwards and involvement of peasants themselves, is making a valuable contribution. However, the task before us must be tackled with the greatest haste and cooperation among the nations of the world, always bearing in mind that the attainable improvement in rural standards of living that we seek are not merely the result of a direct transfer of technology from developed to developing countries. The differing socio-economic conditions, especially the sharp constraints in resource endowment and qualities as well as in the support services and constraints which affect the efficient utilisation of these resources, require that whatever innovation is to be introduced in any developing country must be adapted to its particular set of conditions as a prerequisite for its acceptance and success.

Mr. Chairman, Mr. President, Distinguished Guests, Ladies and Gentlemen, dear Sisters and Brothers, the world has resources that should lead us to victory in this crusade against poverty and its offshoots of hunger, ignorance, disease, crime, corruption and, above all, exploitation of man by man. Let us add to them our collective will and resolve and we shall then be truly worthy of having been created in God's own image.

Mr. Chairman, Mr. President, I cannot thank you sufficiently for inviting me to come and participate in this very important programme.

Thank you.

Statement of Appreciation for the Address by His Excellency Dr. Kenneth David Kaunda, President of the Republic of Zambia and Current Chairman of the Organization of African Unity, by the Governor for Austria on Behalf of the Member Countries of Category I

Mr. Chairman,

On behalf of the Member Countries of Category I, I have the great honour to express to His Excellency Dr. Kenneth Kaunda, President of the Republic of Zambia and Current Chairman of the Organization of African Unity, our sincerest thanks for his very inspiring address to this session of IFAD's Governing Council.

I think we have all been personally very, very impressed by his words. We have today the privilege to greet a great African Statesman, who has led his country in its courageous fight for freedom, social justice and development, and who is one of the great leaders in the fight against hunger and poverty and, of course, against the abominable system of apartheid. A basis of our Fund will always be the constant dialogue between donors, on one side, and developing countries, on the other side. Such a dialogue implies a readiness to listen to each other and to draw afterwards the necessary conclusions from what has been said by our partners in the South. That means on our side - on the side of the donors - to provide the necessary financial and technical support. As the Current Chairman of the Organization of African Unity, Excellency, your point of view has to be, to all of us, of the greatest importance. We were especially impressed, also, by your ideas on joint ventures between donors and developing countries. Please be assured, Excellency, that your inspiring remarks have indeed been fully understood and are giving us an excellent guideline for our work in the future.

Thank you, Mr. Chairman.

Statement of Appreciation for the Address by His Excellency Dr. Kenneth David Kaunda, President of the Republic of Zambia and Current Chairman of the Organization of African Unity, by the Governor for Algeria on Behalf of the Member Countries of Category II

Your Excellency,

It gives me great pride, on behalf of the Member Countries of Category II, to extend our sincere greetings to you, His Excellency Dr. Kenneth Kaunda, President of the Republic of Zambia and the Current Chairman of the Organization of African Unity (OAU). It also gives me pleasure to express to Your Excellency our profound thanks for honouring IFAD on the occasion of the celebration of its Tenth Anniversary.

Your Excellency, in you we greet one of the great Sons of Africa, who has dedicated his life to the service of freedom, to the defence of the just causes in the world, especially the cause of the oppressed peoples in Africa and in Palestine. We wish to pay a great tribute to the constructive role you play as Current Chairman of the OAU. In full conviction, determination and your well-known wisdom, you are striving to resolve African issues and to confront challenges which face the African continent. Yes indeed, the African continent, which is the focus of IFAD's attention continues to face overwhelming challenges such as the harshness of the climate, represented by the drought and desertification; the vestiges of colonialism, which continues to afflict certain peoples; and, furthermore certain peoples in Africa are presently suffering the most obnoxious forms of racism known to contemporary history, which continue to defy the consciousness of mankind at large. The current international economic conditions impose upon the African continent a harsh logic which is based on continuing indebtedness and the exploitation of Africa's raw materials, all of which delay Africa's economic upsurge.

The words you have pronounced, Mr. President, in relation to the Fund are indeed lofty guidelines which will contribute towards the success of this session. These words reflect your concern vis-à-vis these challenges and the attention you pay to the basic problems we are facing, especially breaking the vicious cycle of hunger, malnutrition and poverty. The future of mankind is dependant on the realisation by all peoples of their self-determination, freedom and peace. No equilibrium will be found in the world unless efforts converge in order to combat underdevelopment. This requires ending all economic selfishness which currently characterises the economic order. There is no doubt that the role to be played by the Fund - a role which has intensified and which will be intensified in the coming decade - will be decisive and will be successful so long as all the efforts of Member Countries converge on mobilising its resources and capabilities.

Once again, Your Excellency, we wish to express our appreciation and gratitude. We wish you all success in your lofty humanitarian tasks.

Thank you, Mr. Chairman.

Statement of Appreciation for the Address by His Excellency Dr. Kenneth David Kaunda, President of the Republic of Zambia and Current Chairman of the Organization of African Unity, by the Governor for Cuba on Behalf of the Member Countries of Category III

Mr. Chairman,

Most Excellent Dr. Kenneth David Kaunda, President of the Republic of Zambia and Current Chairman of the Organization of African Unity,
Distinguished Ministers and Governors,
Ladies and Gentlemen,

For my country, it is an extraordinary privilege and great honour to be able to speak on behalf of the Category III countries in IFAD and to thank you for the very sincere and profound message that you have addressed to this Governing Council. We have been very moved, Sir, by your words.

You are a great leader in the Third World and you were at the head of the non-aligned countries and therefore an expert on what is necessary and required. Now, at the head of the Organization of African Unity, you are, Mr. President, able to share with us your sound knowledge of the very serious problems faced by the great majority of the countries in the world. That rich and wealthy continent, so worthily represented by you, Sir, that was the object of colonialist exploitation for so many years has not yet been able to demonstrate its independence from hunger and poverty, unfortunately. And, as you yourself said, for the people in South Africa, they are still ignonimously under the yoke of apartheid. They are our brothers, our peasants, and they are fighting and shedding blood in order to free themselves from this oppressive system. The people of Namibia are controlled by the South African regime, despite the appeals made by the international community that that country become the 160th Member of the United Nations Organization and perhaps even a Member of our Category in IFAD.

Mr. President, as we praise the efforts made by IFAD to bring to Africa the international aid it so strongly needs, we would like you to bear a message of encouragement from Category III countries to our brothers in Southern Africa, those brothers of ours who are suffering from hunger and malnutrition, and to all of our brothers in Africa.

Sir, you are a source of encouragement to your people. You have known how to share your experience with the poorest of the rural poor. You have devoted every effort to bringing well-being to your nation and your brothers and therefore you have been able to appreciate the scope and significance of this very noble Fund. When hunger still afflicts thousands of millions of human beings, the great majority of whom are sons of Africa, Sir, you saw to it that you joined us today so that those who possess the financial resources make them available to IFAD, so that it may fulfil its worthy and noble objectives - the reason why it was set up in the first place - and thus help the rural poor of our countries. We are very grateful to you, Sir, most illustrious President, and to your people, for your message of hope which will be of great use to us in our work. We are very sincerely grateful for your presence here this morning as we celebrate the Tenth Anniversary of IFAD.

Thank you, Mr. Chairman.

Closing Statement by the President of IFAD, Idriss Jazairy

Mr. Chairman,
Excellencies,
Honourable Governors,
Distinguished Delegates and Observers,
Ladies and Gentlemen,

This Eleventh Session of the Governing Council of IFAD, marking the end of ten years of operations of the Fund, was indeed a momentous occasion.

For the journey ahead, we have been immensely strengthened in both our moral conviction and our determination to attend to our task by the words of wisdom and noble vision of Pope John Paul II. The inspiring message of the President of the Council of Ministers of Italy, the Honourable Giovanni Goria, the encouraging support of President Hussain Muhammad Ershad of Bangladesh, and the courage and compassion of President Dr. Kenneth Kaunda of Zambia, Current Chairman of the Organization of African Unity, have each stirred us to new heights of resolution.

We have, additionally, been enriched by messages of support and good wishes from the Heads of State or Government of Algeria, Belgium, Bolivia, Brazil, Cameroon, China, Cuba, Ethiopia, France, India, Kenya, Mozambique, The Netherlands, The Niger, Nigeria, Pakistan, Peru, Saudi Arabia, Senegal and The Sudan.

On this Tenth Anniversary we have been gratified by expressions of appreciation for IFAD's work during the first decade. Pope John Paul II said, "...IFAD..., for many countries, ...represents a concrete means of shouldering their responsibilities towards the development of the poorest countries: whole categories of workers are provided with the means of fighting hunger and malnutrition themselves. In this way these men and women use their capacities better and affirm their dignity".

President of the Council of Ministers Goria paid tribute to the accomplishments of IFAD "which in the ten years of its existence has provided invaluable support to the improvement of the living conditions of the rural populations, especially the most poor and needy", and which "puts the accent above all on man as the centre of the development process".

President Kuanda said eloquently, "IFAD is a freedom fighting movement fighting poverty and all its offshoots of hunger, ignorance, disease, crime, corruption and, above all, exploitation of man by man".

President Ershad of Bangladesh referred to "...IFAD living up to its mandate with an impressive performance and professionalism. It has made great efforts to identify long term issues in food production. It has also made considerable effort to address these issues in each country... if IFAD is provided with the resources it so badly needs and richly deserves, it will be able to put on the ground powerful demonstrations of the realism and wisdom of its basic approach to the problems of developing countries".

These words were a further incentive for us to lift ourselves to higher levels of performance and not to be lulled into complacency.

The appreciation and support expressed by the Governors for the Special Programme encouraged us greatly. Our deep gratitude goes to the Governments of France and Italy, each of which has announced an additional contribution of US$ 11 million to the Programme, and to the Government of Denmark for its additional contribution of US$ 5 million. It also goes to the European Communities (EC), which has announced its intention to make a third US$ 6 million contribution to the Special Programme, and to Zaire that has informed us of its contribution to the Programme. To these countries, and to all the others that have so generously contributed to the Special Programme for Africa, I wish to address my deepest appreciation and gratitude. This, Distinguished Governors, means that we have now, on our Tenth Anniversary, exceeded the target of US$ 300 million which the Council set for this Programme. This is a shining victory for international cooperation and solidarity and a new and magnificent vote of confidence in IFAD. Of course, the situation in Africa remains, however, critical. Hence, I would appeal, in particular, to the very few industrialised countries and to others in a position to do so and who have not yet contributed to the Programme, to consider doing so in the same spirit.

Interested Governors will be reviewing the progress of the implementation of the Special Programme in the Second Consultation on the Programme tomorrow.

On the Second Replenishment of IFAD's Resources, the Council noted with satisfaction that, with one exception, we have received all the Instruments of Contribution or formal notifications of deposit thereof. Some Governors expressed concern that we were in arrears on payments from Member Governments, who should make their best efforts to fulfill their commitment without further delay. Distinguished Governors may recall, from the Governing Council's own Resolution 37/IX, that all payments to the Second Replenishment should have been completed by the end of 1987. In this context, I will recall that for promissory notes payment does not entail immediate encashment.

The Council approved the Budget of IFAD for 1988, including the new methodology of presentation of the Budget which relates expenditures to activities in a more transparent way. As I have said in my Statement, I intend to continue a prudent and effective management style so that a maximum share of IFAD's resources can be channelled directly to the beneficiaries.

Some comments were made on the level of liquidity of the Fund, which was considered high by some Members. This issue was considered by the Executive Board. It was agreed that it would not be advisable to deliberately reduce IFAD's liquid assets, since that would distort the pro rata share concept for Member States' contributions, as laid down in the Agreement Establishing IFAD, and could lead to a situation in which investment income would be inadequate to meet administrative expenses.

It was suggested that the Fund's liquidity level was related to the level of loan commitments and disbursements. These were considered to be low, particularly for the Special Programme for Sub-Saharan Africa. As the Governors are aware, one of the reasons why the 1987 Programme of Work fell short of expectations was the thinness of the project pipeline as it evolved over the last few years due to delay in the completion of the negotiations on the Second Replenishment. It should be noted that project development takes time: between one-and-a-half and two years on average. Nonetheless, all efforts will be made to fulfill the Programme of Work for 1988 and, if possible, even to surpass it.

So far as commitments under the Special Programme are concerned, we started with the approval of the first project by the Executive Board even before the Programme became effective in May 1986. Since then, in a period of only 18 months, we have brought forward as many as 11 projects for approval by the Executive Board in a record average lead time of 6 to 12 months, as compared to the 18 to 24 months for projects financed under the Regular Programme. As a matter of fact, at the end of 1986 total committable resources were only US$ 57 million, and we cannot commit resources for new projects unless we have the money with which to finance them. By May 1987, we had US$ 104 million of resources. By the end of 1987, we had committed that US$ 104 million of resources, which meant that on average it took us seven months to elaborate, prepare and submit to the Executive Board for adoption these very projects.

As for loan disbursements under the Regular Programme, IFAD's total cumulative average disbursement rate was felt to be too slow. In fact it is 57.6% at present. This rate is lower for most of the other comparable international financial institutions; 39% for the African Development Bank group, 39% also for the Asian Development Fund, 46% for the Asian Development Bank and 43% for the Inter-American Development Bank. This is particularly noteworthy since all of these institutions have been in operation longer than IFAD, and agricultural projects have a slower rate of disbursement than other projects, which these institutions finance and which IFAD does not. We recognise, of course, that the disbursement rate of the World Bank and the International Development Association (IDA) is somewhat higher, 65% as compared to our 57.6%, but one has to take into account the fact that the World Bank has a long history of operations behind it and, therefore, it has a larger share of projects which have already been completed, while, because of its young age, only 17% of IFAD's projects have actually been completed. The figure of 5% for the Special Programme for Africa, referred to by some Members, is higher than the average disbursement under IFAD's Regular Programme, which is 4.1% in the first year after project effectiveness, so we have also been accelerating the rate of disbursement under the Special Programme, as compared to the Regular Programme.

Now, one has to be realistic when discussing loan disbursements under current economic circumstances. With the implementation of structural adjustment programmes, or otherwise, most of the recipient countries are finding it at times difficult to find the necessary counterpart staff or counterpart funds to fulfill their obligations, and I feel that the acceleration of the rate of disbursement must not be at the expense of longer-term project sustainability. However, we will continue to make our best effort to accelerate the rate of disbursement and we hope that our recipient countries will also make an additional effort to help us disburse more rapidly.

The distinguished Governor for Belgium regretted the absence of the Food and Agriculture Organization of the United Nations (FAO) as a participating agency in the Belgian Survival Fund joint programme, for which IFAD is the focal point. When setting up this scheme, it was on the initiative of the Belgian Government that IFAD, the United Nations Childrens Fund (UNICEF), the United Nations Development Programme (UNDP) and the World Health Organization (WHO), were designated as participating agencies. If the Government of Belgium wishes to extend the participating arrangement to FAO or any other institution it is up to itself, not to IFAD, to take this decision at any time. We, for our part, would welcome any extension of cooperation with all agencies which Belgium might decide to designate.

In fact, IFAD is synonymous with system-wide coordination within the UN, which is its raison d'etre, and, in particular, it is most keen to foster cooperation among the food agencies in Rome. This is attested by the participation of Mr. Gerald Trant, Executive Director of the World Food Council (WFC), and Mr. James Ingram, Executive Director of the World Food Programme (WFP), at this Tenth Anniversary session of the Governing Council. Both have expressed to me their desire to expand cooperation and we share this desire with them. As far as WFP is concerned, looking at our joint activities in the field, I have the pleasure to inform you that the number of cofinanced projects which have been implemented in the second five years of IFAD's existence is twice as high as the number that was carried out together in the first five years. This is an indication of our strong desire to develop our cooperation to the maximum extent.

We have an excellent relationship at the working level with FAO. The Fund has entrusted to the Investment Centre of FAO more than 70% of its identification and preparation work. Therefore, there has been ample opportunity for this Centre to integrate any project idea included in the FAO compendium of activities for sub-Saharan Africa. I have myself addressed the FAO Conference regularly. As the Director-General of FAO has not visited IFAD or has not been in a position to accept to address the Governing Council since the Fund became operational, at the last FAO Conference, in November 1987, I extended to him in my speech to the Conference an invitation to address the Eleventh Session of IFAD's Governing Council commemorating its Tenth Anniversary. Unfortunately, he could not come. As I already said to the Governing Council last year, I am looking forward to welcoming him at IFAD whenever this will be convenient for him.

On the Evaluation Committee of the Executive Board, I myself and my colleagues and staff will work very closely with the Committee as a further means of learning from past experiences. Also, as called for by several Governors, continued emphasis will be given to strengthening national capacities for project monitoring and evaluation.

A number of valuable suggestions were made by distinguished Governors on IFAD's operations.

As the Governors are aware, IFAD has been traditionally concerned with the social and productive role of women in development which is being increasingly emphasised in project design. Sufficient experience has been gained for the Fund to be able to articulate a comprehensive policy framework, a task which has already been initiated with the generous support of the Government of The Netherlands.

The issue of the preservation of the environment was raised. I see IFAD's role as being clearly focussed on the link between poverty and ecology. As mentioned in my opening remarks, I believe our main role is to reverse the downward spiral of poverty and environmental degradation and to establish a positive, systemic relationship between poverty alleviation and economic sustainability in all IFAD projects.

The Fund's experience has shown that there is no better way to alleviate poverty and ensure sustainability than promoting at the grass roots level both individual initiative and participation in all project-related activities. Likewise, individual incentive and competition has to be fostered through the opening of alternative delivery and marketing channels, be that for output, credit, input or other services.

Cofinancing is an area in which many donor Members have expressed keen interest. We shall endeavour together to extend the scope of cofinancing as a means of expanding IFAD's imprint across the globe. In fact, in recent years, in view of resource stringency, we have, following the desire of the governing bodies, redoubled our efforts to mobilise cofinancing and reduce our average loan size. We repeat our invitation to bilateral donors to consider increasing cofinancing with IFAD-initiated projects.

Many Governors expressed support for IFAD's approach to designing complementary interventions to address the concerns of the rural poor during a period of transition under structural adjustment programmes. The Fund will further its efforts both to shield the poor from possible adverse consequences of such programmes in a transitional phase and also to help them benefit equitably from the new opportunities offered by adjustment measures.

The Governing Council considered the Report of the Chairman on the Preliminary Findings of the High-level Intergovernmental Committee on IFAD's Future Financial Basis and Structure and approved the resolution establishing a Consultation for the Third Replenishment of IFAD's Resources, with the participation of all Members of Categories I and II and twelve Members of Category III. As many Governors have reiterated, it is extremely important to sustain the accelerated pace of growth of IFAD's lending. It is therefore necessary that an early resolution of the Third Replenishment negotiations be achieved.

We were heartened by the statements of strong support from Members of all categories and expressions of their willingness to participate in the negotiations with a flexible and constructive spirit. There is an agreement that formal discussions should be held between the three categories. In addition to that, I would suggest that those IFAD Member Countries which have made important or appreciable contributions to the Fund and/or which contribute to other concessional windows could consult informally to see, in a very pragmatic way, what each could do to bring about as high a level of replenishment as possible for the benefit of recipient Members, including contributing developing countries.

The Governing Council has also renewed the mandate of the High-Level Intergovernmental Committee to continue its work on the longer-term issues concerning the future financial basis of IFAD. While some Governors have expressed the view that this Committee should resume its deliberations only after sufficient progress has been made in the Third Replenishment negotiations, nonetheless I feel that the sequence and timing of the meetings of the High-level Intergovernmental Committee should be kept flexible to respond to the evolving course of the negotiations. I was pleased to note that all Members, referring to the long-drawn out procedure of the Second Replenishment, have emphasised the "never again" position. If formal meetings are preceded and followed by informal bilateral and multilateral consultations across categories, we could proceed more expeditiously and hopefully achieve agreement well before the next Governing Council, and if possible by mid-year, on this Third Replenishment.

The Governing Council adopted a resolution on the use of non-convertible currency contributions by Category III Member Countries. The Fund will work closely with countries making non-convertible currency contributions to expedite effective use of these resources.

The Governing Council welcomed the variety of events organised to celebrate the Tenth Anniversary of IFAD and the role that these had played in reviewing and highlighting the principal areas of the Fund's activities and the innovative approach that characterises these activities. None of the events mentioned were financed from IFAD's own resources. Appreciation was expressed to the Governments of Brazil, Canada, Finland, France, the Federal Republic of Germany, Italy, The Netherlands and Sweden, who have already provided the financing for these events. Indeed, there are one or two other events that could not unfortunately be organised owing to the unavailability of funds and I would welcome any further interest shown in this regard. The Governing Council also welcomed the issuance of commemorative stamps. It should be recalled that the issuance of commemorative stamps is still open throughout 1988.

The assurances given to us by our host government that the permanent Headquarters for the Fund is at last in view, is a welcome development of this session. I am specially grateful to the President of the Council of Ministers of Italy, the Honourable Giovanni Goria, for his personal support in this matter and look forward to receiving formal notification within the next few days.

I have been immensely gratified by the appreciation expressed for the work of the IFAD team, of which my own efforts are just a part; probably more visible, but certainly not more valuable. On behalf of the staff I wish to thank you for your confidence.

Unhappily for us, one of our most effective and engaging team leaders, Mr. Sergio Apollonio, IFAD's Director of Information and Communications, will be leaving our ranks in the next few months. More than any single staff member, he has helped bring IFAD's name and IFAD's style in development to world recognition. We shall miss his able professionalism.

My sincere appreciation goes to the Governing Council and to the Executive Board who have so well guided our steps in the first decade of the Fund's existence. All the officers and staff at this session also deserve our heartfelt thanks and appreciation for a job well done.

For my part, it has been an exceptional honour and an important learning experience to be a witness this week to so many cogent and valuable statements by so many distinguished participants. Your wise advice and counsel will guide us in the years ahead.

As is so often the case, it is perhaps the rural poor themselves who have best captured the extraordinary spirit of this session. I refer to the rural folk of Djibouti, whose simple and eloquent message to us was delivered yesterday by the distinguished Governor for that country. "Persevere in spite of turbulence," they said, "and we shall reach our destination." That has been the true hallmark of this Council's endeavours. That is IFAD's goal in the work that lies ahead.

Thank you.

Statement by the Vice-Chairman,
His Excellency Bashir El Mabrouk Said,
Closing the Eleventh Session of the Governing Council

President Jazairy, on behalf of the Governors, I wish to thank you for your closing statement to the Governing Council.

Distinguished Governors,
Excellencies,
Distinguished Observers and Guests,
Ladies and Gentlemen,

We now come to the end of this Eleventh Session of the Governing Council of IFAD. This session, marking the completion of the first decade of IFAD, has been honoured by the presence of distinguished figures who represent and inspire the thoughts of humanity: I mean, of course, His Holiness the Pope John Paul II, who brings to his spiritual mission a unique compassion and comprehension of the needs of the world's deprived; President Dr. Kenneth Kaunda of Zambia, who has been the embodiment of mankind's yearning for freedom and justice for three decades; the President of the Council of Ministers of Italy, who displayed the graciousness and generosity that we have come to associate with our host country; and President Hussain Muhammad Ershad of Bangladesh, who enriched the deliberations with his commitment to IFAD's ideals.

The words of these eminent figures and the messages from a number of other distinguished statesmen attest to the coming of age of this institution. They affirm, on the part of contributing countries as much as recipient ones, the validity of IFAD's innovative approach to the tragic problems of poverty and hunger that continue to afflict so many millions of our brothers and sisters. They show that the international community recognises that the world's poor must be helped to help themselves to unleash their enormous, wasted potential. This requires projects that understand their needs, ensure their participation - particularly that of women - and realise their capacity and talents. Peace should have the name of development, the Pope told us. IFAD has recognised that both must start from human beings - that development means human growth not merely more machines.

Ladies and Gentlemen, IFAD's past success in developing innovative mechanisms for the delivery of technology, credit and inputs to the rural poor provides sound directions for the future. These will stress bringing rural women, nomads and other marginal groups into the mainstream; protecting the environment; encouraging private initiatives; strengthening research, extension and other institutions serving the poor; expanding the IFAD approach through increased cofinancing; and perhaps most important - a policy and conceptual framework which focuses on the rural poor and enlists their active participation in all phases of project activities.

Mr. Idriss Jazairy, the success achieved by IFAD's initiative in launching the Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification is a matter of great satisfaction. The

Council greatly appreciates the contribution of the countries that brought us within reach of the US$ 300 million target and those announced this week by Denmark, France, Italy and the European Communities (EC) which have enabled us to exceed this target. Fulfilling the target should not prevent others, particularly those industrialised countries which have not so far contributed, to do so and to add to the Special Programme's resources. The Programme's effectiveness was praised by many and inspired suggestions for its continuation and extension.

We have heard the representatives of innumerable developing countries lauding IFAD's achievements in their countries and calling for the Fund to increase the level of its operations. IFAD will need adequate resources to carry out this task, which has the strong support of all three categories of Members. This Governing Council has taken three major steps in this direction - setting up the process of consultation for the Third Replenishment; renewing the mandate of the High-level Intergovernmental Committee to continue its work on the Fund's long-term financial basis; and using more effectively the non-convertible currency contributions of Members. This has laid a sound foundation for the Fund to bring to maturity in its second decade the hopes it has generated by its new approach and activities in its first ten years. The Third Replenishment negotiations should start immediately in all earnestness so that we can have an early conclusion to the satisfaction of all concerned. One has to recognise that times are difficult. This is why we must join our hands together to strengthen each other and to provide the strongest possible support to this Fund of ours whose lofty ideals are dear to our hearts.

Our discussion here this week on these very vital financial issues was marked by an extremely constructive and supportive attitude on the part of all categories. Each Member expressed its willingness to do the maximum. It was rightly said that we all love the institution. I am sure that this love will ensure that the Third Replenishment negotiations will take place in an atmosphere of mutual trust and confidence and not suspicion.

Distinguished Governors, Excellencies, Ladies and Gentlemen, I have been involved as a member of the Governing Council, the Executive Board, the Second Replenishment Consultation and the High-level Intergovernmental Committee in the activities of this Fund. I have had many occasions to note that IFAD has frequently had an effect on its Member States, particularly in that they all agree on the effectiveness and success with which IFAD has continuously met its objectives and fulfilled its mandate. Mr. President, this is in no small way attributable to you as Head of this Fund and to the hard-working members of the Secretariat who have consistently demonstrated their capabilities, not the least in making the excellent arrangements for our conference. I would like to express on your behalf our appreciation to them and to you, President Jazairy. I would like to take this opportunity to thank, on behalf of all of you, everybody who participated in the success of the session: interpreters, messengers, everybody whom we do not see and who work behind the scenes. My dear friend, President Jazairy, you have our admiration and full support.

Finally, I look forward to participating in future sessions of this Governing Council at IFAD's new permanent Headquarters building, which we have been informed will shortly be made available to the Fund by the host country, Italy.

Distinguished Governors, with these words I declare the Eleventh Session of the Governing Council of the International Fund for Agricultural Development and the ceremonies for the celebration of its Tenth Anniversary closed. May God's peace be upon you all.

CHAPTER 5

SPECIAL MESSAGES RECEIVED ON THE OCCASION OF THE TENTH ANNIVERSARY CELEBRATIONS OF IFAD

A. Member States

His Excellency Chadli Bendjedid, President of the People's Democratic Republic of Algeria

"On the occasion of the celebration of IFAD's Tenth Anniversary, I wish to stress once again the attachment of Algeria, a Founder Member, to the noble mission of this institution, which is a living symbol of both South-South and North-South cooperation. Algeria congratulates IFAD on the remarkable work it has done on behalf of small farmers during the first decade of its activity in the developing countries, particularly in Africa. As the Fund has succeeded in providing, at the lowest possible cost, solutions to the problem of hunger in the world, which are as durable as they are innovative, based on the essential element of effective participation by the beneficiaries, I have no doubt that, with the unfailing support of the international community, the Fund will continue and extend, in the coming decade, its beneficient promotion of the rural zones and the food security of the Third World."

His Majesty Baudouin, King of the Belgians

"For IFAD President Idriss Jazairy

On the occasion of the Tenth Anniversary of the International Fund for Agricultural Development, I send you my congratulations for the work done and wish you every success in the future.

The close and friendly links between IFAD and Belgium bear witness to our appreciation of the effectiveness of the Fund's action on behalf of the poorest farmers in developing countries.

Baudouin
King of the Belgians"

His Excellency Dr. Victor Paz Estenssoro, The Constitutional President of the Republic of Bolivia

"Mr. Idriss Jazairy
President of IFAD
Rome

While praising IFAD's transcendental cooperation with Bolivia, I have the honour of writing to you to convey the most sincere and grateful congratulations of His Excellency, the Constitutional President of the Republic of Bolivia, Dr. Víctor Paz Estenssoro, on the occasion of the celebrations for the Tenth Anniversary of the International Fund for Agricultural Development, an institution so successfully and worthily presided over by your authority.

Julio Pantoja
Ambassador of Bolivia"

His Excellency José Sarney, President of the Federative Republic of Brazil

"Mr. President,

Please accept my congratulations on the occasion of the Tenth Anniversary of the International Fund for Agricultural Development.

Brazil attaches great importance to its participation in IFAD due to the priority that agriculture occupies in our concerns and to the fact that the Fund, within the United Nations system, singles itself out as the organ whose action most closely regards the developing world.

It was for my Government a reason for satisfaction that IFAD has chosen our capital city of Brasilia as the venue of one of the initiatives celebrating its tenth year jubilee, the Seminar "financing strategies for fighting rural poverty".

With our sincere wishes for IFAD's continued successful mission,

José Sarney
President of the Federative Republic of Brazil"

His Excellency Paul Biya, President of the Republic of Cameroon

"Mr. President,

It is a real pleasure for me to send you my warmest congratulations on IFAD's Tenth Anniversary, which coincides with the Eleventh Session of the Governing Council to be held in Rome from 25 to 29 January 1988.

On this occasion, I wish to stress my appreciation of the leading role your organization plays in improving the living conditions of our populations in rural zones.

I send my best wishes to you and for an ever more fruitful cooperation between IFAD and the Republic of Cameroon.

Accept, Mr. President, the assurances of my highest consideration.

Paul Biya
President of the Republic of Cameroon"

His Excellency Li Peng, Acting Premier of the State Council of the People's Republic of China

"Mr. Chairman,

On the occasion of the Tenth Anniversary of the founding of the International Fund for Agricultural Development and of the convening of the Eleventh Session of its Governing Council, I would like to express my warm congratulations to IFAD and its Governing Council on behalf of the Chinese Government and people.

Since its founding 10 years ago, IFAD has played a very positive role in supporting, on concessional terms, the agricultural development and in eliminating poverty and malnutrition of the developing countries. Meanwhile, it has also contributed towards promoting the South-North and South-South cooperation in the field of agriculture. The Chinese Government is satisfied with and appreciates its fruitful cooperation with IFAD in the agricultural sector.

I wish that positive steps will be taken by the 11th Session of the Governing Council, so as to enable IFAD to contribute more vigorously to the enhancement of the agricultural production in the developing countries and to the international cooperation in agriculture on the basis of adhering to its established objectives and governing structure.

Li Peng
Acting Premier of the State Council
People's Republic of China
Beijing"

His Excellency Fidel Castro Ruz, President of the Council of State and the Council of Ministers of the Republic of Cuba

"His Excellency Mr. Idriss Jazairy
President
IFAD
Rome

It gives me great satisfaction to write to you on the occasion of the Tenth Anniversary of the International Fund for Agricultural Development, which was established in 1977 as a result of the international community's efforts to address the problems of food production, hunger, malnutrition, and rural poverty in the developing world.

Ten years have passed since then and, far from improving, the situation of the world economy - and of the developing countries in particular - has deteriorated. The main pronouncement of the World Food Conference in 1974, which called upon all Governments to accept as the objective of the whole international community the elimination of the scourge of hunger and malnutrition which afflicts millions of people and also to accept the goal that "within a decade no child will go to bed hungry, that no family will fear for its next day's bread and that no human being's future and capacity will be threatened by malnutrition", has not been fulfilled.

Today, the world is going through one of its major food crises, as a result of the existing unjust international economic relations, which implicitly lead to economic recession, inflation, increasing unemployment, unequal trade, high interest rates, and the growing external indebtedness of the under-developed countries, which, far from renewing themselves and changing for the better, have continued to deteriorate to unbearable levels.

This Anniversary should be an occasion for reflection by all the countries of the world, who should unite their efforts to achieve peace and development. Peace is not only endangered by the existence of potential nuclei of war, originating in the struggle for national liberation, in the challenge to imperialism and in the latter's claim to maintain and extend its dominion. There is a much greater, more serious and more intense danger for peace, which arises from the situation of inequality, poverty and backwardness that prevails today in a large part of our planet and which affects, to a greater or lesser extent, more than two thousand million human beings.

Development is an imperative necessity and a goal for the whole of Mankind. Its realisation benefits all of us and its postponement threatens us all.

IFAD has the responsibility of addressing this most pressing of the under-developed world's problems. I consider that during the past ten years the Fund has made an inestimable contribution to the fight against the hunger and malnutrition that afflicts our people. It should therefore

His Excellency Fidel Castro Ruz (Continued)

continue to apply the policies which inspired its creation, as any change that tends to convert it into a traditional financial institution, far from benefitting our countries, would run counter to the principles for which the majority of Mankind is fighting. I cherish the hope that this Anniversary of IFAD will help conscientious people, just criteria and well-meditated, intelligent and sound decisions to prevail, so that all nations and peoples and present future generations may live in peace, security and justice.

I wish to express, Mr. President, my great estimation and recognition of the work that is being done by the Fund for the furtherance of its guiding objectives. I share your concern and support your appeals for effective international cooperation.

Fidel Castro Ruz
President of the Council of State
and the Council of Ministers of the
Government of the Republic of Cuba"

His Excellency Mengistu Haile Mariam, General Secretary of the Central Committee of the Workers' Party, President of the People's Democratic Republic of Ethiopia and Commander-in-Chief of the Revolutionary Armed Forces

"H.E. Idriss Jazairy
President
International Fund for Agricultural Development
Rome

On behalf of the Government and the People of the People's Democratic Republic of Ethiopia and on my own behalf, it gives me great pleasure to extend to you and, through you, to the entire staff of the Secretariat of the International Fund for Agricultural Development heartfelt congratulations on the occasion of the Tenth Anniversary of the Fund.

The major contribution that the Fund has been making towards assisting developing countries overcome difficulties they have encountered in their agricultural sectors has undoubtedly made the Fund a reliable partner in their efforts to attain self-sufficiency in food production. I ought also to add that the great attention that the Fund has been especially giving to the difficult situation faced by African countries, including Ethiopia, as illustrated by the Fund's Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification, is indeed a source of great satisfaction for us all.

His Excellency Mengistu Haile Mariam (Continued)

It is, therefore, with a profound appreciation of the good works being carried out by the Fund in the spirit of true multilateralism, to which the People's Democratic Republic of Ethiopia attaches great importance, that I would like to take this opportunity to renew our commitment to promoting even greater cooperation between the PDRE and the Fund.

Please accept, Mr. President, the assurances of my highest consideration.

Mengistu Haile Mariam
General Secretary of the Central Committee of the Workers' Party,
President of the People's Democratic Republic of Ethiopia
and Commander-in-Chief of the Revolutionary Armed Forces"

His Excellency Dr. Geremew Debele, Minister of Agriculture of the People's Democratic Republic of Ethiopia

"H.E. Idriss Jazairy
International Fund for Agricultural Development
Rome
Italy

On the occasion of the Tenth Anniversary of the Fund, I would like to express through you my felicitations on the services our organisation is rendering to the developing countries. Even though the expectations of the 1974 World Food Conference will have to be fulfilled yet to everybody's satisfaction, we should all be celebrating the Tenth Anniversary of IFAD with jubilation and the full optimism warranted by the acclaimed recognition of the Fund, the efficacy of the Secretariat and the resilience the organisation has shown so far.

We congratulate you, Mr. President, on this occasion with the assurance that my Government's wholehearted support remains ever solid.

Regards,

Geremew Debele (Dr.),
Minister, Ministry of Agriculture"

His Excellency François Mitterrand, President of the French Republic

"At the time when your institution is celebrating its Tenth Anniversary, I wish to salute the action it is so effectively and tenaciously taking on behalf of development.

Is there any mission more important or more difficult than that of the International Fund for Agricultural Development?

The scourges you are fighting go by the name of desertification, malnutrition, in many cases famine or death.

You work tirelessly to repel them with all possible means - training and research, diversification of agricultural production, improved organization of product outlets - striving above all to come to the aid of the populations of the poorest countries.

My country, which is proud to be associated with the work you are doing under the guidance of your President, Mr. Idriss Jazairy, will continue to spare no effort for the concrete strengthening of international solidarity, notably in the agricultural sphere that is yours, to the benefit of the just cause of development.

Accept my best wishes for success.

Yours

François Mitterrand"

His Excellency Jacques Chirac, Prime Minister of the French Republic

"On the occasion of the Tenth Anniversary of the International Fund for Agricultural Development and in the name of the Government of France, I send my congratulations to the President of the Fund, his administrators and his staff on the remarkable work accomplished during these ten years, in cooperation with all the Member Countries.

Born of an original idea, IFAD is an example of a new form of international cooperation. It is universally considered to be one of the most dynamic international institutions. It does much appreciated work in the struggle against hunger, malnutrition and poverty. It has rightly oriented its action towards those who have most need of it: the poorest of the rural poor.

In recognizing the key role of the small farmers in Third World countries, IFAD has striven to give them the means to free themselves of their dependence, in an environment that is often harsh, and to enable them to build their destiny themselves.

France hails this action and wishes to renew its attachment to the original principles of cooperation and management on which IFAD is based. All together we must implement the programmes under way, in the most effective manner, continuing this task and strengthening the action embarked upon.

At a time when needs are becoming more pressing, France pledges herself with confidence, alongside her partners in the three member country categories, to support the International Fund for Agricultural Development fully and without reserve, as she has always done.

Jacques Chirac"

His Excellency Shri Rajiv Gandhi, Prime Minister of the Republic of India

"The International Fund for Agricultural Development has effectively demonstrated the capacity of the international community to join hands in the universal battle against poverty, hunger and unemployment. Its uniquely participative character has enabled it to evolve a distinctive ethos, and an innovative approach to the problems of the developing world. On the occasion of its Tenth Anniversary celebrations, the Fund can look back with considerable satisfaction on its efforts to assist the poor and the disadvantaged.

We, in India, are proud to have been closely associated with the Fund, since its inception. We would continue to be strongly supportive of the objectives of the Institution, and its efforts to assist the developing countries. I am confident that with the continued support of the community of nations and given its own commitment to the cause of the poor, IFAD would rise to even greater heights in its response to the challenges during its second decade of service."

His Excellency Narayan Datt Tiwari, Minister for Finance and Commerce of the Republic of India

"Mr. Idriss Jazairy
President
International Fund for Agricultural Development
Rome
Italy

Excellency,

On the occasion of the Tenth Anniversary Celebrations of the International Fund for Agricultural Development, I extend my felicitations to the Institution, its Member States and the IFAD organisation who have together enabled it to play an important and constructive role in the tasks of poverty alleviation and eradication of hunger in the developing countries. I am confident that under your able stewardship the organisation would rise to still greater heights. Please accept the assurances of my highest consideration.

Yours sincerely,

Narayan Datt Tiwari"

Mr. S. Venkitaramanan, Finance Secretary, Ministry for Finance and Commerce of the Republic of India

"Mr. Idriss Jazairy
President
International Fund for Agricultural Development
Rome
Italy

Excellency,

Please accept my heartiest congratulations on the occasion of the Tenth Anniversary Celebrations of International Fund for Agricultural Development. Your personal contribution and leadership has been an important factor in achieving all successes by the Fund. We look forward to the continued success of the Institution under your successful leadership and to our closer cooperation with the Fund. Please accept the assurances of my highest consideration.

Yours sincerely,

S. Venkitaramanan"

His Excellency Daniel Arap Moi, C.G.H., M.P., President and Commander-in-Chief of the Republic of Kenya

"Dr. Idriss Jazairy
President
International Fund for Agricultural Development (IFAD)

On behalf of the People of Kenya and on my own behalf, we join the international community in offering our warm congratulations on the occasion of the Tenth Anniversary of the International Fund for Agricultural Development that will be observed on 26th - 29th January 1988, in Rome.

The People and the Government of the Republic of Kenya pledge to support all development projects that are undertaken by the International Fund for Agricultural Development world wide.

We value the four projects that your Institution supports in Kenya and hope to cooperate in more projects.

Please convey my best wishes to all participants of the current session of IFAD."

His Excellency Kim Yong Nam, Minister of Foreign Affairs of the Democratic People's Republic of Korea

"H.E. Mr. Idriss Jazairy
President of IFAD
Rome

Excellency,

I would like to extend my congratulations to you and, through you, to all staff members of the International Fund for Agricultural Development on the occasion of the Tenth Anniversary of his foundation.

After the foundation, during the last ten years, the International Fund for Agricultural Development was a great contribution to develop and enlarge international efforts and cooperative activities in the field of food and agriculture in conformity with a lofty aim and aspiration of itself for a civilization and happiness of humanity and to guarantee food and agriculture in developing countries.

I wish you and your Fund greater success in the efforts to eradicate poverty and hunger in a scope of the world and to ensure an agricultural development and food under your leadership.

His Excellency Kim Yong Nam (Continued)

I would like to take this opportunity to express my conviction that the cooperative relations between our country and your Fund will be further expanded and developed with each passing day.

Please accept, Your Excellency, the assurances of my highest consideration.

Kim Yong Nam
Minister of Foreign Affairs of the
Democratic People's Republic of Korea"

His Excellency Joaquim Alberto Chissano, President of the People's Republic of Mozambique

"His Excellency Idriss Jazairy
President of the International Fund for Agricultural Development
Rome

On the occasion of the Tenth Anniversary of the Institution over which Your Excellency most worthily presides, please accept the most cordial congratulations from myself and my Government.

I take this opportunity of praising the role IFAD has played in supporting the developing countries, as was so clearly shown in the choice of the theme "Investment Strategies to Combat Rural Poverty" for the international panel held in Brasilia.

The importance of this role takes on special relevance due to the fact that IFAD is the only UN agency to support the developing countries in their fight against hunger, malnutrition and desertification.

I therefore wish to convey to Your Excellency and to all your colleagues my greetings and hopes that you may continue to keep very high the noble aims of IFAD.

Highest consideration,

Joaquim Alberto Chissano
President of the People's Republic of Mozambique"

His Excellency R.F.M. Lubbers,
Prime Minister of the Kingdom of The Netherlands

"Mr. President,

On behalf of The Netherlands Government I should like to congratulate the International Fund for Agricultural Development on the completion of its first ten years of operations.

During this decade the Fund has developed its own distinct approach to alleviate the social and economic backward situation of small farmers and rural poor throughout the world.

The Fund has gained general recognition and high acclaim for its activities.

The dedication and professionalism of the Organization have been overriding factors in this regard.

Its second decade of operation starts under very difficult financial conditions. Negotiations with regard to the Third Replenishment are about to start and will have a direct bearing on its future level of operations.

I should like to call on all Members of IFAD, who have made the Fund such a successful and efficient organization, to carry their responsibility toward the rural poor and make the coming negotiations a success.

R.F.M. Lubbers
Prime Minister of the Kingdom of The Netherlands"

His Excellency Colonel Ali Saibou,
President of the Supreme Military Council,
Head of State of the Republic of The Niger

"Mr. Chairman of the Governing Council,
Mr. President of IFAD,
Distinguished Governors,
Ladies and Gentlemen,

This Session of our Institution gives me the fortunate opportunity of sending you, in my own name and in the name of the Government and People of The Niger, our sincere wishes for peace, success and progress for yourselves and for the whole international community in the course of the New Year.

His Excellency Colonel Ali Saibou (Continued)

We also formulate our best wishes for our Institution which, though only ten years old, has succeeded in creating a special place for itself among the international organizations, thereby commanding the respect and admiration of all.

Known today throughout the world, particularly in the countries faced with food problems, IFAD is becoming more firmly established every year as a much sought after partner in helping the most impoverished farmers and rural populations.

Having intervened in this capacity in 89 countries by financing 209 projects in such a short time is undoubtedly a very significant result.

Mr. President of IFAD, this success of our Institution is not unrelated to your appointment in 1984.

You have, in fact, since your accession to this post, worked discretely but very efficiently to orientate IFAD's projects towards the poorest and most precariously-situated farmers, placing Africa in the front rank of your priorities.

It is also thanks to your personal action that the Second Replenishment of the Fund's Resources was possible and lastly it was under your impulse that in 1986 IFAD created a Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification.

My country, a beneficiary of this Special Programme, highly appreciates this, Mr. President, and congratulates you on it.

Mr. Chairman of the Governing Council,
Distinguished Governors,
Ladies and Gentlemen,

The instrument of development which IFAD represents for a good number of your countries today deserves that we should give it all our support and all our confidence.

That is why we are launching an appeal to the rich countries to increase their contributions to IFAD, while leaving it the necessary autonomy for the choice of the programmes to finance.

For its part, my country, while hoping for increased assistance from the international community, is already engaged in a development process essentially based on its own efforts.

Thus our brave populations, through the structures of the society of development, are buckling down to implement projects conceived and executed with their participation at every stage.

This approach of our action is spelt out in full in our Economic and Social Development Plan for 1987-91. It also underlines the implementation of the IFAD/Niger Special Programme for which we signed the agreements on 13 January last.

His Excellency Colonel Ali Saibou (Continued)

This,

Mr. Chairman of the Governing Council,
Mr. President of IFAD,
Distinguished Governors,
Ladies and Gentlemen,

expresses all the convergence of philosophy and of action between Niger and IFAD.

May this convergence develop even more for the greatest good of our populations.

I thank you and I wish you complete success in your work.

Colonel Ali Saibou"

His Excellency General Ibrahim B. Babangida, President and Commander-in-Chief of the Armed Forces of the Federal Republic of Nigeria

"On the occasion of the Tenth Anniversary of the International Fund for Agricultural Development (IFAD) now being celebrated by this session of the Eleventh Governing Council of IFAD and in which my country is fully participating, I have the honour to send you and the Fund, the congratulations and the best wishes of the People and the Government of the Federal Republic of Nigeria.

Nigeria attaches great importance to the work of IFAD especially in its efforts to increase food production, incomes and improve living standards in the rural areas of the developing world. It is very commendable to note that in its short history, IFAD has financed 184 projects in 87 developing countries, establishing a track record of projects that help the rural poor to help themselves. My Government as a founding Member of IFAD and also as one of the contributors to the Fund shares and fully supports these noble aims and objectives of IFAD, especially those projects which encourage grass roots development and support for small farmers.

We are committed in Nigeria to producing enough food staples locally to feed our population and to raise the standard of nutrition. It is also our aim to ensure that the rural population will have opportunity of increasing their incomes from agriculture and other activities, and thus help to arrest rural to urban migration. Sizeable resources have been committed for the provision of rural infrastructures and the mobilisation of the rural population for self development. The results so far have been encouraging.

His Excellency General Ibrahim B. Babangida (Continued)

I wish you and the Fund many more years of service to humanity and reaffirm Nigeria's full support for IFAD.

Accept, Mr. President, our best wishes, for the Fund and for you personally.

General Ibrahim B. Babangida
President
Commander-in-Chief
of the Armed Forces
Federal Republic of Nigeria"

His Excellency General Mohammad Zia-ul-Haq, President of the Islamic Republic of Pakistan

"Pakistan joins the international community in celebrating the Tenth Anniversary of the International Fund for Agricultural Development (IFAD). On behalf of the Government and the people of Pakistan, and on my own behalf, I extend my heartiest felicitations on this auspicious occasion.

It is a matter of great satisfaction that, since becoming operational, IFAD has committed SDR 2.17 billion for 180 projects in 89 countries of the world. The role played by IFAD in combatting the spectre of hunger and improving the lot of the small farmer, the landless and the rural poor, in developing countries of the world, is doubtless outstanding.

I had the pleasure of visiting IFAD six years ago, in 1982, and addressing its Fifth Governing Council. I am pleased to note that, since then, IFAD has more than doubled the number of projects it has undertaken, leading to a corresponding increase in the volume of loans and grants it has provided. It also now serves many more developing countries than before.

We are greatly indebted to the Organisation of Petroleum Exporting Countries (OPEC) and the Organisation for Economic Cooperation and Development (OECD) for their continuing financial support to IFAD. Members of both these organisations have played an important part in the creation of this important organisation, and in the replenishment of its resources for the fulfilment of its noble charter.

His Excellency General Mohammad Zia-ul-Haq (Continued)

The Tenth Anniversary of IFAD is a fit occasion to reaffirm our faith in the organisation that has established its credibility as an effective agency of the United Nations System. I would, therefore, like to underline the urgent need, by all Member Countries, to extend unflinching support to IFAD to enable it to play its major role in tackling the problem of rural poverty. I wish also to take this opportunity to stress that, in view of its excellent track record and the paramount need to place its future financing on a firm and predictable basis, all Member Countries should make a concerted effort to finalise the Third Replenishment of IFAD's Resources on an adequate and timely basis.

We, in Pakistan, wish IFAD still greater success in fulfilling its unique mandate and, once again, pledge our fullest support to it."

His Excellency Alan García Pérez,
Constitutional President of the Republic of Peru

"Mr. Idriss Jazairy
President
International Fund for Agricultural Development (IFAD)
Rome

On the occasion of the Tenth Anniversary of the establishment of the International Fund for Agricultural Development (IFAD), I am pleased to send you the fraternal greetings and congratulations of the Government and people of Peru, thanking you warmly for the substantial support given to Peruvian agricultural development projects undertaken to overcome poverty and malnutrition in the neediest sectors of the population. I send my best wishes that IFAD may continue to make an efficient and valid contribution to the eradication of hunger and underdevelopment in the world.

Alan García Pérez
Constitutional President of Peru"

His Majesty Fahd Bin Abdelaziz Al Saud, King of Saudi Arabia

"His Excellency Mr. Idriss Jazairy
President of the International Fund for Agricultural Development

On the occasion of the celebration of IFAD's Tenth Anniversary at the annual meeting of the Fund, it is my pleasure to express our appreciation for the pioneering role the Fund is playing in the service of modern agricultural development. This role is, undoubtedly, one of the important factors leading to the evolution and modernization of development in the achievement of noble humanitarian objectives.

Recognizing IFAD's eminent objectives, the Kingdom of Saudi Arabia is happy to have participated in the establishment of the Fund and to have provided it with its utmost support.

We would therefore like to express our thanks to you and to those who, with you, are in charge of the Fund, for your effective efforts and remarkable activity. May God the Almighty accord every success to your meeting and to IFAD's endeavours.

Fahd Bin Abdelaziz Al Saud"

His Excellency Abdou Diouf, President of the Republic of Senegal

"Mr. President,

At this time when the International Fund for Agricultural Development (IFAD) is celebrating its Tenth Anniversary, I feel real joy in sending you my heartiest congratulations. My joy is even greater because the event you are celebrating coincides with a greater awareness in the world of the importance of the purposes of our institution. As regards Africa, you will remember that, in my capacity as Current Chairman of the Organization of African Unity (OAU), I took the opportunity of the Ninth Governing Council to express to you on 21 January 1986 our great appreciation of IFAD's efforts to promote rural development in general and to increase agricultural production in particular. This feeling was founded on the wisdom, as we see it, of the Fund's policy of helping small farmers, who are the protagonists of our economies, to play the leading role that is rightfully theirs. The choice seemed to us to be the best way of addressing, in countries like ours, the problems of food scarcity, malnutrition and famine, which are among the most urgent challenges with which we are faced. For us Senegalese, the relevance of this policy

His Excellency Abdou Diouf (Continued)

remains intact. Your determination and your spirit of initiative in fulfilling your mandate have greatly helped to translate IFAD's actions even more effectively into concrete projects and to make the Fund become a precious instrument at the service of international cooperation for development. They plead in favour of increasing the resources of the Fund, of which, as you know, I am an ardent supporter. Among the achievements of our institution, I take pleasure in paying tribute here to the generous idea of creating the Special Programme for Sub-Saharan Africa. The fact that this programme of aid to the countries hit by drought and desertification lays emphasis on traditional food crops is yet another demonstration that the Fund remains true to its policy, sustained by a fine spirit of solidarity. We hope that the latter will be maintained and broadened through the celebration of the Tenth Anniversary, so that it may stimulate, with the same intensity and the same constancy, the action of an ever greater number of institutions of the same kind. In renewing my congratulations, I wish to assure you once again of Senegal's support in the pursuit of your noble mission.

Highest Consideration

Abdou Diouf"

His Excellency Sayed Al Sadig Al Mahdi,
Prime Minister of the Republic of The Sudan

"Chairman of Board of Governors,
President of the International Fund for Agricultural Development,
Governors,

May peace and divine mercy be upon you all.

I am honoured to take this opportunity on behalf of the Government and People of Sudan to congratulate you on the Tenth Anniversary of the Fund.

This International Fund has carried out its vocation of service to humanity throughout ten years, overstepping obstacles of paramount dimensions to deliver opulent services to the poorest of the poor in the very fragile socio-economic and ecological structures. In fact its unique programme of development made it a very effective tool producing a positive impact and creating initiatives among the recipients, giving them hope and dignity. I must congratulate you also for the Special Programme for Africa which clearly demonstrates the good flexibility of the Fund coping with situations such as the one we have now in our continent where man and beast are at jeopardy.

His Excellency Sayed Al Sadig Al Mahdi (Continued)

This work would never have been possible without the full understanding and support of the donor community. We request of them to continue their full support to the Fund and the Special Programme for Africa.

This human edifice would have never been successful without the work of the able leadership of President Jazairy and his colleagues, the militant fighters for progress.

We congratulate them and give our full support to keep up the good work."

Her Excellency Lena Hjelm-Wallén, Minister for International Development Cooperation of the Kingdom of Sweden

"The President of IFAD
Mr. Idriss Jazairy
107, Via del Serafico
00142 Rome
Italy

On behalf of the Swedish Government I wish to convey my congratulations to IFAD on its Tenth Anniversary and my sincere wishes for a prosperous future in fulfilling its noble goals.

As one of its initial supporters Sweden has during the past decade been actively involved in launching this unique model of reaching the poor in order to improve their situation.

Looking back I feel confident that IFAD has indeed lived up to expectations and I therefore wish it a future as successful as the past.

Yours sincerely,

Lena Hjelm-Wallén"

His Excellency Carlos Andrés Pérez,
Former President of the Republic of Venezuela

"His Excellency Idriss Jazairy
President
IFAD
Rome
Italy

I deeply regret that last minute, unforeseen and unavoidable engagements in my country prevent me from being with you at the celebrations of the Tenth Anniversary of the International Fund for Agricultural Development (IFAD).

My commitment to IFAD's future action will not be less than that which motivated us to stimulate the solid support of OPEC which ten years ago made the Fund's establishment possible. That event bore witness to the concrete determination of solidarity that commits our developing countries and the joint will for action that we succeeded in awakening in the industrialized nations that supported its creation.

IFAD is without any doubt an exceptional institution which marks the path of creative and mutually supportive international cooperation such as our troubled world demands, and evident demonstration for the developing world when authentic cooperation without conditioning is offered to the Third World peoples.

The concurrence between developed and developing countries, in the institutional achievement of a cooperative approach, has produced over the years important results for many of the countries that have obtained IFAD's support. If its action has not matched the fullness of its aims, the Fund's contribution has attenuated the ramifications of the international crisis on Third World countries.

IFAD's ten years have not disappointed the expectations we had when it was established. If the cooperation of the rich countries becomes more appropriate and increases, the Fund's bold and effective policies of credit to the rural poor would have much greater results and they would become an important model for other international financial institutions. The positive response of the beneficiaries of the Fund's credits is evidence of the great reserves of action that our countries have when they become authentic partners in the development process.

The great challenge for action in the rural environment is the implementation of sound food and agriculture policies which link the increase in the supply of rural products with the growth of the purchasing power and nutritional needs of the population; are based as far as possible on domestically produced inputs avoiding the creation of new forms of dependence on imported technologies; really make economic and social life in rural areas more democratic; and have an ecological foundation that gives them long-term support.

His Excellency Carlos Andrés Pérez (Continued)

IFAD is showing how international action can support the application of these policies in a bold and effective form. My warmest congratulations on such a satisfactory Tenth Anniversary and my best wishes for the strengthening of your action. Count on my complete solidarity.

Carlos Andrés Pérez"

B. International Institutions

His Excellency Ambassador Mario Magliano, Secretary-General of the Istituto Italo Latino-Americano (IILA)

"His Excellency Mr. Idriss Jazairy
President
International Fund for Agricultural Development (IFAD)
Rome

On the occasion of the Tenth Anniversary of the foundation of this important UN agency for agricultural development, and taking in consideration the importance of IFAD by Latin American countries, I extend you my warmest congratulations and best wishes for the future.

Ambassador Mario Magliano
Secretary-General of the Istituto
Italo Latino-Americano (IILA)"

His Excellency Louis Emmerij, President of the OECD Development Centre

"Idriss Jazairy
President
International Fund for Agricultural Development

All your friends at the Development Centre, and especially Giulio Fossi, join me in congratulating you personally and IFAD on this Tenth Anniversary of its activity. With your vigorous initiatives you have restored some hope in multilateral cooperation for development.

Best wishes and warm personal regards,

Louis Emmerij
President
OECD Development Centre"

Mr. William H. Draper III, Administrator of the United Nations Development Programme (UNDP)

"President Jazairy,

On the occasion of the Tenth Anniversary of the International Fund for Agricultural Development, I have the pleasure to extend to you and the Governing Council of IFAD my most sincere and warmest congratulations.

In the ten years since its creation, and under your able leadership and that of your distinguished predecessor, the Fund has made an important contribution towards the alleviation of rural poverty by assisting governments of developing countries to increase their food production and to create employment opportunities for the rural poor.

From the first day of the Fund's operations, our two organisations have cooperated closely in the area of technical assistance provided in connection with agricultural lending projects. Cooperation between IFAD and UNDP was further strengthened last April when we jointly established modalities for increasing cooperation at the field level as well as in the area of project execution.

I am confident that this close collaboration between our organisations will continue to produce very useful and fruitful results in assisting developing countries in their development efforts in the future. Please accept my best wishes for success of IFAD's work in the years ahead.

Sincerely,

William H. Draper III"

His Excellency Abou Bakar Baba-Moussa, President of the West-African Development Bank (BOAD)

"Mr. President,

On the occasion of the celebrations marking IFAD's Tenth Anniversary, we wish to present our warm congratulations on the most encouraging results achieved and the strictness you have shown in your conduct of the Fund's affairs.

We confirm our attachment to the noble objectives pursued by the Fund and express the hope that the cooperation between our two institutions may grow stronger day by day, to the benefit of the most impoverished populations.

We hope that this session will be a complete success. We are following the proceedings with great attention and hope to receive the relative documents.

Highest consideration,

Abou Bakar Baba-Moussa
President of BOAD"

INTERNATIONAL
FUND FOR
AGRICULTURAL
DEVELOPMENT

IFAD

GC 11/INF.6/Rev.3

ARABIC/ENGLISH
FRENCH/SPANISH

Governing Council

Eleventh Session
Rome, 25 - 29 January 1988

قائمة بالمشتركين في الدورة الحادية عشرة لمجلس المحافظين

LIST OF PARTICIPANTS TO THE ELEVENTH SESSION OF THE GOVERNING COUNCIL

LISTE DES PARTICIPANTS A LA ONZIEME SESSION DU CONSEIL DES GOUVERNEURS

LISTA DE PARTICIPANTES EN EL UNDÉCIMO PERIODO DE SESIONES DEL CONSEJO DE GOBERNADORES

الدول الاعضاء

MEMBER STATES

ETATS MEMBRES

ESTADOS MIEMBROS

ALGERIA

Gouverneur (provisoire)	Mustapha ACHOUR Directeur général de la Banque de l'agriculture et du développement rural (BADR) Alger
Conseiller	Mlle Faouzia BOUMAIZA Représentant permanent adjoint de la République algérienne démocratique et populaire auprès du FIDA et de la FAO Rome

ANGOLA

Gouverneur suppléant (provisoire)	Pedro A. KANGA Conseiller Représentant permanent adjoint de la République populaire d'Angola auprès de la FAO Rome

ARGENTINA

Gobernador	Guillermo Enrique GONZALEZ Ministro Plenipotenciario Representante Permanente de la República Argentina ante la FAO Roma
Gobernador Suplente	Sra. Mónica DEREGIBUS Primer Secretario Representante Permanente Alterno de la República Argentina ante la FAO Roma

AUSTRALIA

Alternate Governor (acting)	Daniel G. NUTTER Ambassador of the Commonwealth of Australia to Italy Rome
Adviser	Angus MACDONALD Counsellor (Development Assistance) Australian Embassy Rome

AUSTRIA

Alternate Governor	Philipp HOYOS Minister Counsellor Embassy of the Republic of Austria Rome
Adviser	Herbert LUST Director Federal Ministry of Finance Vienna
Adviser	Ernst ZIMMERL Permanent Representative of the Republic of Austria to FAO Rome

BANGLADESH

Governor (acting)	Waliur RAHMAN Ambassador of the People's Republic of Bangladesh to Italy Rome
Alternate Governor (acting)	Masihur RAHMAN Joint Secretary External Resources Division Ministry of Finance Dhaka
Adviser	Mohsin Ali KHAN Counsellor Alternate Permanent Representative of the People's Republic of Bangladesh to IFAD and FAO Rome

BANGLADESH (cont'd)

Adviser	A.K.M. Fazlev RABBI Economic Counsellor Alternate Permanent Representative of the People's Republic of Bangladesh to IFAD and FAO Rome

BELGIUM

Gouverneur suppléant	Antoine SAINTRAINT Administrateur général AGCD Ambassadeur du Royaume de Belgique auprès de la FAO Rome
Conseiller	René DEBEAUNE Attaché au Cabinet du Secrétaire d'Etat à la coopération au développement Ministère des relations extérieures Bruxelles

BENIN

Gouverneur	Martin Dohou AZONHIHO Ministre du développement rural et de l'action coopérative Cotonou
Gouverneur suppléant	Georges SEKLOKA Directeur des études et de la planification Ministère du développement rural et de l'action coopérative Cotonou
Conseiller	Idrissou Souler ISSOUFOU Ambassadeur Représentant permanent de la République populaire du Bénin auprès du FIDA et de la FAO Paris

BHUTAN

Governor	Tobgve DORJI Ambassador Permanent Mission of the Kingdom of Bhutan to the United Nations Office at Geneva Geneva

BOLIVIA

Gobernador	Julio PANTOJA SALAMANCA Embajador de la República de Bolivia ante el Gobierno Italiano Roma
Gobernador Suplente (interino)	Hernando ARMAZA PEREZ DEL CASTILLO Ministro Consejero Embajada de la República de Bolivia Roma

BOTSWANA

Governor	Geoffrey M. OTENG Assistant Minister for Agriculture Gaborone
Alternate Governor	Meshack L. MOKONE Permanent Secretary Ministry of Agriculture Gaborone
Adviser	K.K. MMOPI Senior Agricultural Officer ALDEP Coordinator Ministry of Agriculture Gaborone

BRAZIL

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Alternate Governor (acting)	Almir Franco DE SA BARBUDA Counsellor Alternate Permanent Representative of the Federative Republic of Brazil to the United Nations Agencies for Food and Agriculture in Rome Rome

BURKINA FASO

Gouverneur	Amado PITROIPA Ambassadeur du Burkina Faso en Italie Rome

BURUNDI

Gouverneur (provisoire)	Désiré NSHIMIRIMANA Directeur de Cabinet Ministère de l'agriculture et de l'élevage Bujumbura
Conseiller	Salvator SAHINGUVU Directeur général de la planification agricole et de l'élevage Ministère de l'agriculture et de l'élevage Bujumbura

CAMEROON

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Gouverneur suppléant	Thomas YANGA Deuxième Conseiller Représentant permanent suppléant de la République du Cameroun auprès du FIDA et de la FAO Rome

CANADA

Governor	Noble POWER Vice President Multilateral Programmes Branch Canadian International Development Agency (CIDA) Hull, Quebec
Adviser	Réal T. LALANDE Counsellor (Development) Embassy of Canada Rome
Adviser	William BAIN Senior Programme Manager International Financial Institutions Division Canadian International Development Agency (CIDA) Hull, Quebec

CAPE VERDE

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Conseiller	Mme Maria de Lourdes MARTINS DUARTE Attaché agricole Représentant permanent suppléant de la République du Cap-Vert auprès de la FAO Rome

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Gouverneur suppléant	Casimir AMAKPIO Secrétaire général Ministère du développement rural Bangui

CHILE

Gobernador Suplente	Juan Luis NILO VALLEDOR Segundo Secretario Representante Permanente Alterno de la República de Chile ante la FAO Roma

CHINA

Governor (acting)	HUANG Yongning Director Foreign Affairs Department Ministry of Agriculture, Animal Husbandry and Fisheries Beijing
Alternate Governor	LI Zhenhuan Counsellor Deputy Permanent Representative of the People's Republic of China to FAO Rome

CHINA (cont'd)

Adviser	ZHANG Zhenping Division Director External Finance Department Ministry of Finance Beijing
Adviser	WANG Youqiong Division Director Foreign Affairs Department Ministry of Agriculture, Animal Husbandry and Fisheries Beijing
Adviser	YI Fan Officer, Foreign Affairs Department Ministry of Agriculture, Animal Husbandry and Fisheries Beijing
Adviser	TIAN Ya Officer, Foreign Affairs Department Ministry of Agriculture, Animal Husbandry and Fisheries Beijing

COLOMBIA

Gobernador	Gonzalo BULA HOYOS Embajador de la República de Colombia ante la FAO Roma
Gobernador Suplente	Sra. Olga Clemencia FERNANDEZ Primer Secretario Representante Permanente Alterno de la República de Colombia ante la FAO Roma
Asesor	Sra. Mery HURTADO Tercer Secretario Representante Permanente Alterno de la República de Colombia ante la FAO Roma
Asesor	Pedro Orlando NAVARRO Asistente especial del Gobernador Roma

COMOROS

Gouverneur suppléant	Mohamed TOILIBOU Directeur général du Plan Ministère du Plan Moroni
Conseiller	Mahamoud SOILIH Conseiller Ambassade de la République fédérale islamique des Comores Paris

CONGO

Gouverneur	Itihi Ossetoumba LEKOUNDZOU Ministre du développement rural Brazzaville
Gouverneur suppléant	Joseph TCHICAYA Ambassadeur de la République populaire du Congo en Italie Rome
Conseiller	Jean-Claude ELOMBILA Conseiller à l'agriculture Ministère du développement rural Brazzaville
Conseiller	Joseph LAKOLO Attaché Cabinet du Ministre du développement rural Brazzaville
Conseiller	Michel MOMBOULI Conseiller Représentant permanent adjoint de la République populaire du Congo auprès du FIDA et de la FAO Rome

COSTA RICA

Gobernador Suplente	Sra. Yolanda GAGO DE SINIGAGLIA Ministro Consejero Representante Permanente Alterno de la República de Costa Rica ante la FAO Roma
Asesor	Francisco MORA Consejero Representación Permanente de la República de Costa Rica ante la FAO Roma

COTE D'IVOIRE

Gouverneur suppléant (provisoire)	Daniel Konan YOMAN Conseiller Représentant permanent adjoint de la République de Côte d'Ivoire auprès de la FAO Rome
Conseiller	Mlle Catherine KOUASSI Premier Secrétaire Ambassade de la République de Côte d'Ivoire Rome

CUBA

Gobernador Suplente	Leopoldo ARIZA HIDALGO Embajador de la República de Cuba ante la FAO Roma
Asesor	Jorge GARCIA GARCIA Comité Estatal de Colaboración Económica La Habana
Asesor	Sra. María Josefina FERNANDEZ ALVAREZ Agregado Diplomático Representación Permanente de la República de Cuba ante la FAO Roma
Asesor	Sra. Silvia CARBALLO VIVES Agregado Diplomático Representación Permanente de la República de Cuba ante la FAO Roma

CYPRUS

Governor	Fotis G. POULIDES Ambassador of the Republic of Cyprus to the UN Agencies for Food and Agriculture in Rome Rome
Adviser	George F. POULIDES Alternate Permanent Representative of the Republic of Cyprus to the UN Agencies for Food and Agriculture in Rome Rome

DENMARK

Alternate Governor	Erik FIIL Head of Division Ministry of Foreign Affairs Copenhagen
Adviser	John PONTOPPIDAN Head of Section Ministry of Foreign Affairs Copenhagen
Adviser	Steen SOENDERGAARD Agricultural Attaché Royal Danish Embassy Rome

DJIBOUTI

Gouverneur	Mohamed Moussa CHEHEM Ministre de l'agriculture et du développement rural Djibouti
Conseiller	Chehem Mohamed WATTA Directeur Coopérative de la pêche Direction de l'élevage et de la pêche Djibouti
Conseiller	Mohammed Tayeb NADIR Conseiller Ministère de l'agriculture et du développement rural Djibouti

DOMINICAN REPUBLIC

Gobernador	Guido Emilio D'ALESSANDRO TAVAREZ Embajador de la República Dominicana ante el Gobierno Italiano Roma
Gobernador Suplente	Sra. Jeannette Alexandra GUZMAN LULO Primer Secretario Embajada de la República Dominicana Roma

ECUADOR

Gobernador Suplente	Roberto PONCE ALVARADO Ministro Encargado de Negocios, a.i. Embajada de la República del Ecuador Roma
Asesor	Lautaro POZO MALO Primer Secretario Embajada de la República del Ecuador Roma

EGYPT

Governor (acting)	Abdel Azim EL GAZZAR Agricultural Counsellor Alternate Permanent Representative of the Arab Republic of Egypt to the UN Agencies in Rome Rome

EL SALVADOR

Gobernador Suplente	Sra. María JIMENEZ DE MOCHI ONORI Representante Permanente Adjunto de la República de El Salvador ante la FAO Roma

ETHIOPIA

Governor (acting)	Mesfin MOKONNEN Vice-Minister of the Cooperatives Promotion and Agricultural Development Ministry of Agriculture Addis Ababa
Adviser	Takele GEBRE Head of Extension Department Ministry of Agriculture Addis Ababa
Adviser	Assefa YILALA Counsellor Alternate Permanent Representative of the People's Democratic Republic of Ethiopia to IFAD and FAO Rome

FINLAND

Governor (acting)	Pasi RUTANEN Ambassador Deputy Director-General Development Cooperation Ministry of Foreign Affairs Helsinki
Adviser	Hannu HALINEN Counsellor Permanent Representative of the Republic of Finland to FAO Rome
Adviser	Ms. Katriina VIRTANEN First Secretary Ministry of Foreign Affairs Helsinki

FRANCE

Gouverneur (provisoire)	Jean de ROSEN Sous-directeur endettement-développement Direction du Trésor Ministère de l'économie, des finances et de la privatisation Paris
Gouverneur suppléant (provisoire)	Pierre ACHARD Ministre plénipotentiaire Conseiller financier et administrateur du FIDA Ambassade de la République française Rome
Conseiller	François GUILLOUET Adjoint au Chef du Bureau de l'aide au développement Direction du Trésor Ministère de l'économie, des finances et de la privatisation Paris
Conseiller	Bruno CHAUVIN Chargé de mission au Bureau des affaires multilatérales Ministère de l'agriculture Paris
Conseiller	Gérard BIRAUD Chef de la Division économique Direction des Nations Unies et organisations internationales Ministère des affaires étrangères Paris

FRANCE (cont'd)

Conseiller	M. COLOMBANI Direction des affaires économiques et financières Ministère des affaires étrangères Paris
Conseiller	Mlle Evelyne DECORPS Sous-direction des affaires multilatérales Ministère de la coopération Paris
Conseiller	Mlle Danick IBAÑEZ RINALDI Attaché Ambassade de la République française Rome

GABON

Gouverneur	Daniel AFOME-NZE Secrétaire d'Etat auprès du Ministre de l'agriculture, de l'élevage et de l'économie rurale Libreville
Gouverneur suppléant	Jules Marius OGOUEBANDJA Ambassadeur de la République gabonaise en Italie Rome
Conseiller	Charles MBOUROU Secrétaire principal Commission nationale de la FAO Libreville
Conseiller	Mme Ivone ALVES DIAS DA GRACA Deuxième Conseiller Représentant permanent suppléant de la République gabonaise auprès du FIDA et de la FAO Rome

GAMBIA, THE

Governor (acting)	Dodou S. JOME Parliamentary Secretary Ministry of Agriculture Banjul

GAMBIA, THE (cont'd)

Alternate Governor (acting)	Ms. Ruth SOWE Counsellor Embassy of the Republic of The Gambia Brussels
Adviser	Amadou S.O. TAAL Permanent Secretary Ministry of Agriculture Banjul
Adviser	Sainey S. DARBO Project Manager Jahally/Pacharr Ministry of Agriculture Banjul

GERMANY, F.R.

Governor (acting)	Eberhard KURTH Director-General Federal Ministry for Economic Cooperation Bonn
Alternate Governor (acting)	Friedrich RUTH Ambassador of the Federal Republic of Germany to Italy Rome
Adviser	Alois BAIER First Counsellor Embassy of the Federal Republic of Germany Rome
Adviser	Wilhelm SUDEN Deputy Head of Division Federal Ministry for Economic Cooperation Bonn
Adviser	Peter P. WRANY Deputy Head of Division Federal Ministry of Finance Bonn
Adviser	Gerhard DIETERLE Alternate Permanent Representative of the Federal Republic of Germany to FAO Rome

GHANA

Governor	Steve George OBIMPEH PNDC Secretary for Agriculture Ministry of Agriculture Accra
Alternate Governor (acting)	Haruna MAAMAH Senior Economic Planning Officer Ministry of Finance and Economic Planning Accra
Adviser	Ms. Kate ABANKWA Minister Counsellor Chargé d'affaires, a.i. Embassy of the Republic of Ghana Rome

GREECE

Governor	Dimitri C. FRANTZESKAKIS Ambassador of the Hellenic Republic to FAO Rome
Alternate Governor	Christos IACOVOU Deputy Permanent Representative of the Hellenic Republic to FAO Rome

GUINEA

Gouverneur (provisoire)	Abel Niouma SANDOUNO Ambassadeur de la République de Guinée en Italie Rome
Gouverneur suppléant (provisoire)	Thierno Mamadou Cellou DIALLO Secrétaire général du Ministère de l'agriculture et des ressources animales Conakry
Conseiller	Ousmane KABA Conseiller du Gouverneur Banque Centrale de la République de Guinée Conakry

GUINEA (cont'd)

Conseiller	Chaikou Yava DIALLO Directeur de Division, Organisme international Direction générale de la coopération internationale Ministère du Plan et de la coopération internationale Conakry
Conseiller	Ibrahima KABA Conseiller Représentant permanent adjoint de la République de Guinée auprès du FIDA et de la FAO Rome

GUINEA-BISSAU

Gouverneur (provisoire)	Jorge Alberto de OLIVEIRA Directeur du développement rural Ministère du développement rural et de la pêche Bissau
Conseiller	Mme Alcilia MONTEIRO Chef de Cabinet du Ministre Ministère du développement rural et de la pêche Bissau

GUYANA

Alternate Governor	Cecil PILGRIM High Commissioner for the Cooperative Republic of Guyana London

HAITI

Gouverneur	Gustave MENAGER Ministre de l'agriculture, des ressources naturelles et du développement rural Port-au-Prince
Gouverneur suppléant (provisoire)	Alex Louis TANIS Coordonnateur assistance externe Ministère de l'agriculture, des ressources naturelles et du développement rural Port-au-Prince

HONDURAS

Gobernador Suplente (interino)	Sra. Concha Marina RAMIREZ DE LOPEZ Representante Permanente Alterno de la República de Honduras ante el FIDA y la FAO Roma
Asesor	Sra. Mayra REINA Agregada Representante Permanente Alterno de la República de Honduras ante el FIDA y la FAO Roma

INDIA

Governor (acting)	K.P. GEETHAKRISHNAN Additional Secretary Department of Economic Affairs Ministry of Finance New Delhi
Adviser	V.K. SIBAL Minister (Agriculture) Embassy of the Republic of India Rome

INDONESIA

Governor	Soegito SASTROMIDJOJO Secretary-General Ministry of Finance Jakarta
Adviser	Rachadi ISKANDAR Ambassador of the Republic of Indonesia to Italy Rome
Adviser	Jafri JAMALUDDIN Agricultural Attaché Embassy of the Republic of Indonesia Rome
Adviser	Adang HARTAWAN First Secretary Chief, Economics Division Embassy of the Republic of Indonesia Rome

INDONESIA (cont'd)

Adviser	Hidayat Ganda ATMADJA Assistant Agricultural Attaché Embassy of the Republic of Indonesia Rome

IRAQ

Governor	Hikmet Omar AL HADITHI Minister for Finance Baghdad
Alternate Governor (acting)	Mahmoud Ahmed UTHMAN Expert Ministry of Finance Baghdad
Adviser	Abdul Karim H. ABBAS Counsellor Ministry of Finance Baghdad

IRELAND

Alternate Governor	Patrick Oliver RYAN First Secretary (Agriculture) Embassy of Ireland Rome

ISRAEL

Governor	Ilan HARTUV Minister Counsellor (Economic Affairs) Permanent Representative of the State of Israel to FAO Rome
Adviser	Doron YOTZER Research Assistant to the Permanent Representative of the State of Israel to FAO Embassy of the State of Israel Rome

ITALY

Gouverneur	Mario FERRARI AGGRADI Sénateur de la République italienne Rome
Gouverneur suppléant	Gian Luigi VALENZA Ambassadeur de la République italienne auprès du FIDA et de la FAO Rome
Conseiller	Vincenzo CHIANESE Directeur général pour les affaires économiques Ministère du Trésor Rome
Conseiller	Mme Anna Teresa FRITTELLI ANNIBALDI Premier Conseiller Représentation permanente de la République italienne auprès du FIDA et de la FAO Rome
Conseiller	Alberto BALBONI Chef du Bureau de la coopération multilatérale Ministère des affaires étrangères Rome
Conseiller	Ugo SESSI Directeur de Section Direction générale du Trésor Ministère du Trésor Rome
Conseiller	Mme Fara PARENTE Directeur de Section Direction générale du Trésor Ministère du Trésor Rome
Conseiller	Mme Ludovica SODERINI Conseiller Direction générale du Trésor Ministère du Trésor Rome
Conseiller	Giuseppe VERCESI Direction générale de la coopération au développement Ministère des affaires étrangères Rome

JAMAICA

Governor	K.G. Anthony HILL Ambassador Permanent Mission of Jamaica to the Office and Specialized Agencies of the United Nations at Geneva Geneva
Adviser	Salvatore ALFANO Consul General Embassy of Jamaica Rome

JAPAN

Governor	Reishi TESHIMA Ambassador of Japan to Italy Rome
Alternate Governor (acting)	Koichi OBATA Counsellor Embassy of Japan Rome
Adviser	Tadashi FUJITA Director Multilateral Cooperation Division Ministry of Foreign Affairs Tokyo
Adviser	Ms. Chiyoko TERANISHI First Secretary Embassy of Japan Rome
Adviser	Kiichi NARITA Overseas Technical Cooperation Officer International Cooperation Division Ministry of Agriculture, Forestry and Fisheries Tokyo

JORDAN

Governor	Taher KANAAN Minister for Planning Amman
Alternate Governor	Salem AL-LOZI General Secretary Ministry of Agriculture Amman

KENYA

Governor (acting)	Alfred Suba AMISI Deputy Secretary Ministry of Agriculture Nairobi
Alternate Governor (acting)	Dedan Robinson KAMAU Deputy Secretary Ministry of Livestock Development Nairobi
Adviser	Flavian Mung'oo KALIKANDAR Principal Economist Ministry of Planning Nairobi
Adviser	Andrew Lucas ROSANA Chargé d'affaires, a.i. Permanent Representation of the Republic of Kenya to the UN Agencies in Rome Rome
Adviser	Stanley GUANTAI Agricultural Attaché Alternate Permanent Representative of the Republic of Kenya to the UN Agencies in Rome Rome

KOREA, D.P.R.

Governor	LI JONG HYOK Ambassador of the Democratic People's Republic of Korea to IFAD and FAO Rome
Alternate Governor (acting)	CHA CHOL MA Attaché Permanent Representation of the Democratic People's Republic of Korea to IFAD and FAO Rome
Adviser	KU HAK CHOL Second Secretary Permanent Representation of the Democratic People's Republic of Korea to IFAD and FAO Rome

KOREA, REPUBLIC OF

Governor	NAM-KI LEE Ambassador of the Republic of Korea to Italy Rome
Alternate Governor	KOO-BUM SHIN Agricultural Attaché Alternate Permanent Representative of the Republic of Korea to FAO Rome
Adviser	HO-SUN HAN Deputy Chairman and Senior Executive Vice-President National Agricultural Cooperative Federation Seoul
Adviser	JANG-BAE YOUN Assistant Agricultural Attaché Embassy of the Republic of Korea Rome
Adviser	HO-KYUM LEE Research Department National Agricultural Cooperative Federation Seoul

KUWAIT

Alternate Governor	Bader AL-HUMAIDHI Director-General Kuwait Fund for Arab Economic Development Kuwait
Adviser	Abdul-Karim SADIK Economic Adviser Kuwait Fund for Arab Economic Development Kuwait

LEBANON

Gouverneur (provisoire)	Khalil MAKKAWI Ambassadeur de la République libanaise en Italie Rome

LEBANON (cont'd)

Gouverneur suppléant (provisoire)	Mounir KHORAYCH Conseiller Représentant permanent adjoint de la République libanaise auprès de la FAO Rome
Conseiller	Jad EL-HASSAN Premier Secrétaire Représentant permanent adjoint de la République libanaise auprès de la FAO Rome

LESOTHO

Governor (acting)	D.R. PHORORO Adviser to the Government Ministry of Agriculture, Cooperatives and Marketing Maseru
Alternate Governor	Gerard Phirinyane KHOJANE Ambassador of the Kingdom of Lesotho to Italy Rome
Adviser	Peter 'Nau KHADI Counsellor Embassy of the Kingdom of Lesotho Rome
Adviser	Humphrey Masuhla LETEKA First Secretary Embassy of the Kingdom of Lesotho Rome
Adviser	C.S. MOLELLE Managing Director Lesotho Agricultural Development Bank Maseru
Adviser	Ms. M. MAPETLA Ministry of Central Planning Maseru
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LIBERIA

Governor	Peter Deo YOUN Deputy Minister for Technical Affairs Ministry of Agriculture Monrovia
Alternate Governor	Joseph K. FAMOLU Project Manager Smallholder Rice Seed Project Monrovia

LIBYAN ARAB JAMAHIRIYA

Governor	Bashir El Mabrouk SAID Minister Plenipotentiary Permanent Representative of the Socialist People's Libyan Arab Jamahiriya to the UN Agencies in Rome Rome
Adviser	Ali GIUMA Member of the General People's Committee People's Bureau for Agricultural Production Tripoli

LUXEMBOURG

Gouverneur	Robert GOEBBELS Secrétaire d'Etat aux affaires étrangères, au commerce extérieur et à la coopération Ministère des affaires étrangères Luxembourg
Gouverneur suppléant	Yves MERSCH Commissaire du Gouvernement (Finances) Ministère des finances Luxembourg
Conseiller	Ghislain BOMBLED Attaché Ambassade du Grand-Duché de Luxembourg Rome

MADAGASCAR

Gouverneur suppléant	Apolinaire ANDRIATSIAFAJATO Ambassadeur de la République démocratique de Madagascar en Italie Rome
Conseiller	Raphael RABE Conseiller Représentant permanent adjoint de la République démocratique de Madagascar auprès de la FAO Rome

MALDIVES

Governor (acting)	Ismail FATHY Director Department of Finance Malé
Alternate Governor (acting)	Abdul Ghafoor Abdul WAHAB Deputy Director Department of Finance Malé

MALI

Gouverneur (provisoire)	Cheick Bougadary BATHILY Directeur de Cabinet Ministère de l'agriculture Bamako
Gouverneur suppléant (provisoire)	Denis TRAORE Directeur de Cabinet Ministère du Plan Bamako

MAURITANIA

Gouverneur suppléant	Ahmedou Ould ELY Chef de Division Direction du Plan Ministère de l'économie et des finances Nouakchott
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MEXICO

Gobernador	José Ramón LOPEZ-PORTILLO ROMANO Ministro Plenipotenciario Representante Permanente de los Estados Unidos Mexicanos ante la FAO Roma
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MOROCCO

Gouverneur	Ahmed Alaoui ABDELLAOUI Secrétaire général Ministère de l'agriculture et de la réforme agraire Rabat
Conseiller	Zerhouni ABDELJALIL Directeur de l'Office régional de mise en valeur agricole du Haouz Ministère de l'agriculture et de la réforme agraire Rabat
Conseiller	Mohamed BENNIS Ministre plénipotentiaire Représentant permanent adjoint du Royaume du Maroc auprès du FIDA et de la FAO Rome
Conseiller	Lwahabi ABDELHAQ Directeur de la Caisse nationale de crédit agricole Rabat

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Governor	Hermenegildo Maria CEPEDA GAMITO President People's Development Bank Maputo
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NEPAL

Governor	Hari Narayan RAJAURIYA Minister for Agriculture, Law and Justice Kathmandu
Alternate Governor	Punya Prasad DAHAL Joint Secretary Ministry of Finance Kathmandu
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Adviser	S.K. UPADHYAY Chairman Agricultural Development Bank Kathmandu

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NIGER

Gouverneur	Amadou MAMADOU Ministre de l'agriculture et de l'environnement Niamey

NIGER (cont'd)

Conseiller	Nababa ABDOU Directeur des études et de la programmation Ministère des ressources animales et de l'hydraulique Niamey
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Conseiller	Amadou GARBA Responsable du Programme FIDA pour le Niger Ministère de l'agriculture et de l'environnement Niamey
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Conseiller	Sahadou BAWA Représentant permanent de la République du Niger auprès du FIDA et de la FAO Rome

NIGERIA

Governor (acting)	Abubakar Garba GOBIR Permanent Secretary Federal Ministry of Agriculture, Water Resources and Rural Development Lagos
Alternate Governor (acting)	Omoefe James OYAIDE Director Rural Development Department Federal Ministry of Agriculture, Water Resources and Rural Development Lagos
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NORWAY

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PAKISTAN

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PANAMA

Gobernador (interino)	Horacio MALTEZ Encargado de Negocios, a.i. Representante Permanente Alterno de la República de Panamá ante la FAO Roma
Asesor	Sra. Delia DE VILLAMONTE Ministro Consejero Representante Permanente Alterno de la República de Panamá ante la FAO Roma
Asesor	Sra. Mitzila BOUTET Representante Permanente Alterno de la República de Panamá ante la FAO Roma

PAPUA NEW GUINEA

Governor	Galeva KWARARA Minister for Finance and Planning Waigani
Adviser	Kila AI Deputy Secretary (Economic Policy) Department of Finance and Planning Ministry of Finance and Planning Waigani
Adviser	Gerald MWAYUBU Assistant Secretary International Development Institutions Branch Ministry of Finance and Planning Waigani
Adviser	Ms. G. KWARARA Delegation Member Waigani
Adviser	Magi BOROGO Delegation Member Waigani

PARAGUAY

Gobernador	Aníbal FERNANDEZ Embajador de la República del Paraguay ante el Gobierno Italiano Roma

PARAGUAY (cont'd)

Asesor	Diego DISTEFANO MONACO Asesor Embajada de la República del Paraguay Roma

PERU

Gobernador (interino)	Washington ZUÑIGA TRELLES Embajador de la República del Perú ante la FAO Roma
Gobernador Suplente (interino)	Amador VELASQUEZ GARCIA-MONTERROSO Consejero Representante Permanente Alterno de la República del Perú ante la FAO Roma

PHILIPPINES

Governor (acting)	José M. ZALDARRIAGA Ambassador of the Republic of The Philippines to Italy Rome
Alternate Governor (acting)	Horacio M. CARANDANG Agricultural Attaché Alternate Permanent Representative of the Republic of The Philippines to FAO Rome
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Adviser	Ms. Maria Luisa GAVINO Agricultural Analyst Embassy of the Republic of The Philippines Rome

PORTUGAL

Alternate Governor	António de ALMEIDA RIBEIRO Second Secretary Alternate Permanent Representative of the Portuguese Republic to FAO Rome

QATAR

Governor (acting)	Abdul-Rahman Bin Hamad AL-ATTIYAH Ambassador of the State of Qatar Paris
Adviser	Salah IBRAHIM Attaché Embassy of the State of Qatar Paris

RWANDA

Gouverneur	Anastase NTEZILYAYO Ministre de l'agriculture, de l'élevage et des forêts Kigali
Conseiller	Karoli NDEREYEHE NTAHONTUYE Directeur du projet d'intensification agricole de Gikongoro Gikongoro

SAO TOME AND PRINCIPE

Gouverneur suppléant	Mme Maria Manuela MARGARIDO Ambassadeur de la République démocratique de Sao Tomé-et-Principe Bruxelles
Conseiller	Antonio Albertino AFONSO DIAS Deuxième Secrétaire Ambassade de la République démocratique de Sao Tomé-et-Principe Bruxelles

SAUDI ARABIA

Governor	Abdul Rahman Bin Abdul Aziz Al AL-SHEIKH Minister for Agriculture and Water Riyadh
Alternate Governor (27-29.1.1988)	Mohamed Ali MAKKI Deputy Minister for Agricultural Affairs Ministry of Agriculture and Water Riyadh
Alternate Governor (acting) (25-26.1.1988)	Atif Y.A. BUKHARI Ambassador of the Kingdom of Saudi Arabia to FAO Rome

SAUDI ARABIA (cont'd)

Adviser	Hameed ABUJOBAL Director of External Relations Ministry of Agriculture and Water Riyadh
Adviser	Ahmed S. HARIRI Alternate Permanent Representative of the Kingdom of Saudi Arabia to FAO Rome

SENEGAL

Gouverneur (provisoire)	Henri Pierre Arfang SENGHOR Ambassadeur de la République du Sénégal en Italie Rome
Gouverneur suppléant	Baba TOP Directeur de la planification Ministère du Plan et de la coopération Dakar
Conseiller	Abdou Karim SIDIBE Conseiller technique Ministère du développement rural Dakar
Conseiller	Louis GOMIS Conseiller Ambassade de la République du Sénégal Rome

SOMALIA

Alternate Governor	Abbas MUSSE FARAH Ambassador of the Somali Democratic Republic to FAO Rome

SPAIN

Gobernador	Francisco MONFORTE Ministro Consejero Embajada del Reino de España Roma
Gobernador Suplente	Ismael DIAZ YUBERO Representante Permanente del Reino de España ante la FAO Roma

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Asesor	Jaime GARCIA BADIAS Encargado de cooperación Ministerio de Agricultura, Pesca y Alimentación Madrid

SRI LANKA

Alternate Governor (acting)	T. DHARMASENA Counsellor Embassy of the Democratic Socialist Republic of Sri Lanka Rome

SUDAN

Governor (acting)	Ali Osman ABU AFFAN State Minister for Agriculture and Natural Resources Khartoum
Alternate Governor	Gamal Mohamed AHMED Counsellor (Agricultural Affairs) Permanent Representative of the Republic of The Sudan to FAO Rome
Adviser	Ibrahim Taha AYOUB Ambassador of the Republic of The Sudan to Italy Rome
Adviser	Sayed Ahmed Ali ZAKI Under-Secretary of Planning Ministry of Finance and Economic Planning Khartoum
Adviser	Sayed Mohamed El Sayed MIZO Director, Cattle Route Project Khartoum
Adviser	Sayed Bashir MAHGOUB Director Northern Agriculture Production Corporation Khartoum

SUDAN (cont'd)

Adviser	Isam Eldin Mohamed EL SAYED Counsellor Alternate Permanent Representative of the Republic of The Sudan to FAO Rome

SWAZILAND

Governor	Hezekiel S. MAMBA Minister for Agriculture and Cooperatives Mbabane
Alternate Governor (acting)	Frank BUCKHAM Deputy Principal Secretary Ministry of Agriculture and Cooperatives Mbabane
Adviser	Victor PUNGWAYO Director of Agriculture Ministry of Agriculture and Cooperatives Mbabane
Adviser	Sam S. HLOPHE Senior Agricultural Economist Ministry of Agriculture and Cooperatives Mbabane
Adviser	Patrick K. LUKHELE Executive Officer National Agricultural Board Mbabane

SWEDEN

Governor (acting)	Karl-Erik NORRMAN Deputy Assistant Under-Secretary of State Ministry of Foreign Affairs Stockholm
Alternate Governor (acting)	Goëran ANKARBERG Counsellor The Royal Swedish Embassy Rome
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SWITZERLAND

Gouverneur	Jean-François GIOVANNINI Vice-directeur Direction de la coopération au développement et de l'aide humanitaire Département fédéral des affaires étrangères Berne
Gouverneur suppléant (provisoire)	Roger PASQUIER Chef des affaires multilatérales Direction de la coopération au développement et de l'aide humanitaire Département fédéral des affaires étrangères Berne

SYRIA

Governor (acting)	Hamid MEREI Deputy Minister of State for Planning Affairs Damascus

TANZANIA, UNITED REPUBLIC OF

Governor (acting)	A.H. MYAGILA, M.P. Deputy Minister for Agriculture and Livestock Development Dar-es-Salaam
Alternate Governor	Abbas Kleist SYKES Ambassador of the United Republic of Tanzania to Italy Rome
Adviser	Esrom MARYOGO Minister Plenipotentiary Embassy of the United Republic of Tanzania Rome
Adviser	Hamisi MWINYIGOHA Minister Plenipotentiary Embassy of the United Republic of Tanzania Rome

THAILAND

Governor	Pong SONO Deputy Permanent Secretary Ministry of Agriculture and Cooperatives Bangkok

THAILAND (cont'd)

Alternate Governor	Vanrob ISARANKURA Agricultural Counsellor Permanent Representative of the Kingdom of Thailand to FAO Rome

TOGO

Gouverneur (provisoire)	Sema AROUNA Conseiller technique Ministère du développement rural Lomé

TONGA

Governor	James Cecil COCKER Minister for Finance Nuku'alofa
Adviser	Tomasi SIMIKI Director of Agriculture, Ministry of Agriculture, Fisheries and Forestry Nuku'alofa
Adviser	Siosiua 'UTOIKAMANU Acting Director of Planning Ministry of Finance Nuku'alofa
Adviser	Peni VEA Acting Managing Director Tonga Development Bank Nuku'alofa

TUNISIA

Gouverneur (provisoire)	Mohamed ABDELHADI Ministre plénipotentiaire Ambassade de la République tunisienne Rome
Gouverneur suppléant (provisoire)	Moncef BOUALLAGUI Directeur de la coopération multilatérale Ministère du Plan Tunis

TURKEY

Alternate Governor	Temel ISKIT Minister Plenipotentiary Permanent Representative of the Republic of Turkey to the UN Food and Agriculture Organizations in Rome Rome
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UGANDA

Governor	Yoeri Z. KYESIMIRA Minister for Planning and Economic Development Kampala
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UNITED ARAB EMIRATES

Governor (acting)	Nasser Salman AL ABOODI Ambassador of the United Arab Emirates to Italy Rome
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UNITED KINGDOM

Governor	J.L.F. BUIST Under-Secretary International Division Overseas Development Administration London
Alternate Governor (acting)	R.O. CARTER Desk Officer Overseas Development Administration London

UNITED STATES

Governor (acting)	Richard E. BISSELL Assistant Administrator for Program and Policy Coordination Agency for International Development Washington, D.C.
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VENEZUELA

Gobernador (interino)	Luis Manuel PEÑALVER Embajador de la República de Venezuela ante el Gobierno Italiano Roma
Asesor	Sra. María Isabel CASELLAS Consejero Representación Permanente de la República de Venezuela ante la FAO Roma
Asesor	Alberto MURILLO MORANTES Primer Secretario Representación Permanente de la República de Venezuela ante la FAO Roma
Asesor	Sra. Marina BRICEÑO ZEHL Agregado Representación Permanente de la República de Venezuela ante la FAO Roma

VIET NAM

Gouverneur	HUYNH CONG TAM Ambassadeur de la République socialiste du Viet Nam en Italie Rome
Gouverneur suppléant	NGUYEN CHI THANH Conseiller Représentant permanent adjoint de la République socialiste du Viet Nam auprès de la FAO Rome

YEMEN A.R.

Governor	Hussein Abdullah AL-AMRI Minister for Agriculture and Fisheries Resources Sana'a
Alternate Governor	Alv Abdullah AL AGHBARY Minister Plenipotentiary Permanent Representative of the Yemen Arab Republic to IFAD and FAO Rome

YEMEN A.R. (cont'd)

Adviser	Lutf L. AL-ANSI Director-General Planning and Statistics Ministry of Agriculture and Fisheries Resources Sana'a
Adviser	Ismael EL-MUTWAKIL Adviser to the Minister for Agriculture and Fisheries Resources Sana'a

YEMEN, P.D.R.

Governor (acting)	Salem GUBRAN Minister for Fish Wealth Aden
Alternate Governor (acting)	Anwar Mohammed KHALED Ambassador of the People's Democratic Republic of Yemen to IFAD and FAO Rome
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YUGOSLAVIA

Governor	Milutin TAPAVICKI Minister Plenipotentiary Embassy of the Socialist Federal Republic of Yugoslavia Rome

ZAIRE

Gouverneur (provisoire)	Nzungu LUNTADI Secrétaire d'Etat à l'agriculture Kinshasa

ZAIRE (cont'd)

Gouverneur suppléant	Mme Sango Ya TAMBWE Ministre Conseiller Chargé d'affaires, a.i. Ambassade de la République du Zaïre Rome
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ZAMBIA

Governor	FitzPatrick CHUULA, S.C., M.P. Minister for Agriculture and Water Development Lusaka
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المراقبون

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OPEC Fund for International Development	Yesufu Seyvid M. ABDULAI Director-General Vienna
Organization of African Unity	A. Olufemi WILLIAMS Executive Secretary OAU/STRC Secretariat Lagos

NON-GOVERNMENTAL ORGANIZATIONS

Caritas Internationalis	Cedric FERNANDO Permanent Delegate Rome
FINAFRICA	Camillo FERRARI President Milan
	Felice TAMBUSSI Director Milan
International Federation of Agricultural Producers	Ms. Giuseppina PELA' Permanent Representative Rome
Mani Tese	Peter BASTOGGI P.R. Manager Secretary-General Vice-President European NGO/EEC Liaison Committee Milan
Youth for Development and Cooperation	Orazio Carlo MASTROENI Member of the Secretariat Rome

ANNEX II

INTERNATIONAL
FUND FOR
AGRICULTURAL
DEVELOPMENT

Distr. **IFAD**
LIMITED

GC 11/L.1/Rev.2

ENGLISH
ORIGINAL: ENGLISH

Governing Council

Eleventh Session
Rome, 25 - 29 January 1988

Agenda Item 2

AGENDA

1. Opening of the Session
2. Adoption of the Agenda
3. Election of the Chairman and Vice-Chairmen of the Governing Council
4. Statement of the President
5. General Statements
6. Audited Financial Statements of IFAD - 31 December 1986
7. Proposed Budget of IFAD for 1988
8. Progress Report on the Second Replenishment of IFAD's Resources
9. Progress Report on the Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification
10. Report of the Chairman on the Preliminary Findings of the High-level Intergovernmental Committee on IFAD's Future Financial Basis and Structure
11. Election of Members and Alternate Members of the Executive Board
12. Report on the Status of the Headquarters Agreement
13. Report on the Tenth Anniversary Celebrations of IFAD
14. Twelfth Session of the Governing Council
15. Implementation of Article 6.8(b) of the Agreement Establishing IFAD: Continuity in the Office of the President of IFAD
16. Applications for Non-original Membership
17. Other Business

ANNEX III

LIST OF DOCUMENTS PLACED BEFORE THE GOVERNING COUNCIL AT ITS ELEVENTH SESSION

Document No.	Agenda Item	Title
GC 11/L.1/Rev.1	2	Provisional Agenda and Annotations
GC 11/L.1/Rev.1/Add.1	2	Schedule of Work for the Session
GC 11/L.2	6	Audited Financial Statements of IFAD - 31 December 1986
GC 11/L.3 + Add.1	7	Programme of Work and Budget of IFAD for 1988
GC 11/L.4	8	Progress Report on the Second Replenishment of IFAD's Resources
GC 11/L.5 + Add.1 + Add.2 + Add.3	9	Progress Report on the Special Programme for Sub-Saharan African Countries Affected bv Drought and Desertification
GC 11/L.6	10	Report of the Chairman on the Preliminarv Findings of the High-level Intergovernmental Committee on IFAD's Future Financial Basis and Structure
GC 11/L.7	10	The Mobilisation and Use of Non-convertible Currencv Contributions
GC 11/L.8 + C.R.P.1	10	Draft Resolutions on IFAD's Future Financial Basis and Structure
GC 11/L.9	11	Election of Members and Alternate Members of the Executive Board
GC 11/L.10	13	Report on the Tenth Anniversarv Celebrations of IFAD
GC 11/L.11	14	Twelfth Session of the Governing Council
GC 11/L.12	15	Implementation of Article 6.8(b) of the Agreement Establishing IFAD: Continuitv in the Office of the President of IFAD
GC 11/L.13	16	Applications for Non-original Membership

III - 2

GC 11/INF.1	Arrangements for the Eleventh Session of the Governing Council
GC 11/INF.2	Direct Financial Contributions to IFAD by Sources Other than Member States
GC 11/INF.3	Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification funded by the Special Resources for Sub-Saharan Africa (Special Programme for Africa) Audited Financial Statements - 31 December 1986
GC 11/INF.4	Arrangements for the Eleventh Session of the Governing Council
GC 11/INF.5	Summary of the Protocol Programme for the Ceremonies of the Eleventh Session of the Governing Council of IFAD and the Celebration of its Tenth Anniversary
GC 11/INF.6 + Rev.1 + Rev.2	Provisional List of Participants to the Eleventh Session of the Governing Council
GC 11/INF.7	Special Messages from Heads of State and Heads of Government received on the Occasion of the Tenth Anniversary Celebrations of IFAD

INTERNATIONAL
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AGRICULTURAL
DEVELOPMENT

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Eleventh Session
Rome, 25 - 29 January 1988

Agenda Item 7

PROGRAMME OF WORK AND BUDGET OF IFAD FOR 1988

With reference to paragraph 130 of the Programme of Work and Budget of IFAD for 1988 (document GC 11/L.3) the Governing Council is invited to approve the recalculation of the Budget at the present prevailing rate of exchange for the Italian Lire, since the original budget was calculated at Lire 1 384/US$ 1.00, the rate for the 1987 Budget.

The prevailing rate according to the International Monetary Fund is 1 230 Italian Lire/US$ 1.00. The President recommends that the Governing Council should adopt this rate for the purpose of the recalculation of the Budget of IFAD for 1988.

Accordingly, in paragraph 4 of the Resolution on page 4 of the document GC 11/L.3, the total amount of the Budget of IFAD for 1988 will be US$ 34 494 000 plus the contingency of US$ 500 000, based on the rate of exchange of Italian Lire 1 230/US$ 1.00.

INTERNATIONAL
FUND FOR
AGRICULTURAL
DEVELOPMENT

IFAD

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15 December 1987

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Eleventh Session
Rome, 25 - 29 January 1988

Agenda Item 7

PROGRAMME OF WORK AND BUDGET OF IFAD FOR 1988

In accordance with Article 6.10 of the Agreement Establishing IFAD and Regulation VI of the Financial Regulations and on the recommendation of the Executive Board, the President hereby submits the 1988 Budget to the Governing Council for approval.

The Programme of Work for 1988, on which the budget is based, was reviewed by the Executive Board at its Thirty-First Session and a level of SDR 202.2 million was approved for planning purposes.

While reviewing Table 2 of the document relating to the estimated resources available for commitment in 1988, the Executive Board expressed its appreciation to those Members who have deposited Instruments of Contribution and/or made contributions to the Second Replenishment of IFAD's Resources for their prompt action and urged all Members who have not deposited their Instruments of Contribution thereto to fulfill their obligations under Governing Council Resolution 37/IX on that subject as soon as possible as the amount of Loans and Grants to be committed in 1988 depended on early completion of instalments of contributions.

The Executive Board, at its Thirty-First Session, also reviewed the proposed Budget of IFAD for 1988 and endorsed the Budget for the approval of the Eleventh Session of the Governing Council, in the amount of US$ 32 197 000 1/ plus a contingency of US$ 500 000. However, at its Thirty-Second Session, the Executive Board decided to establish an Evaluation Committee, which will meet once before the Thirty-Third Session of the Executive Board in 1988. The cost for the operation of the

---

1/ This figure will require to be adjusted in accordance with the prevailing exchange rate of Italian Lira/US Dollar, as decided by the Council. A document indicating the recommended rate and the resultant total budget amount will be tabled at the Eleventh Session.

Committee, including translation and interpreters in IFAD's official languages, is estimated at a maximum of US$ 80 000 per one day meeting. Due to the uncertainty of the precise amount, it was decided not to increase the 1988 Budget but to meet the additional cost for this Committee out of the Contingency.

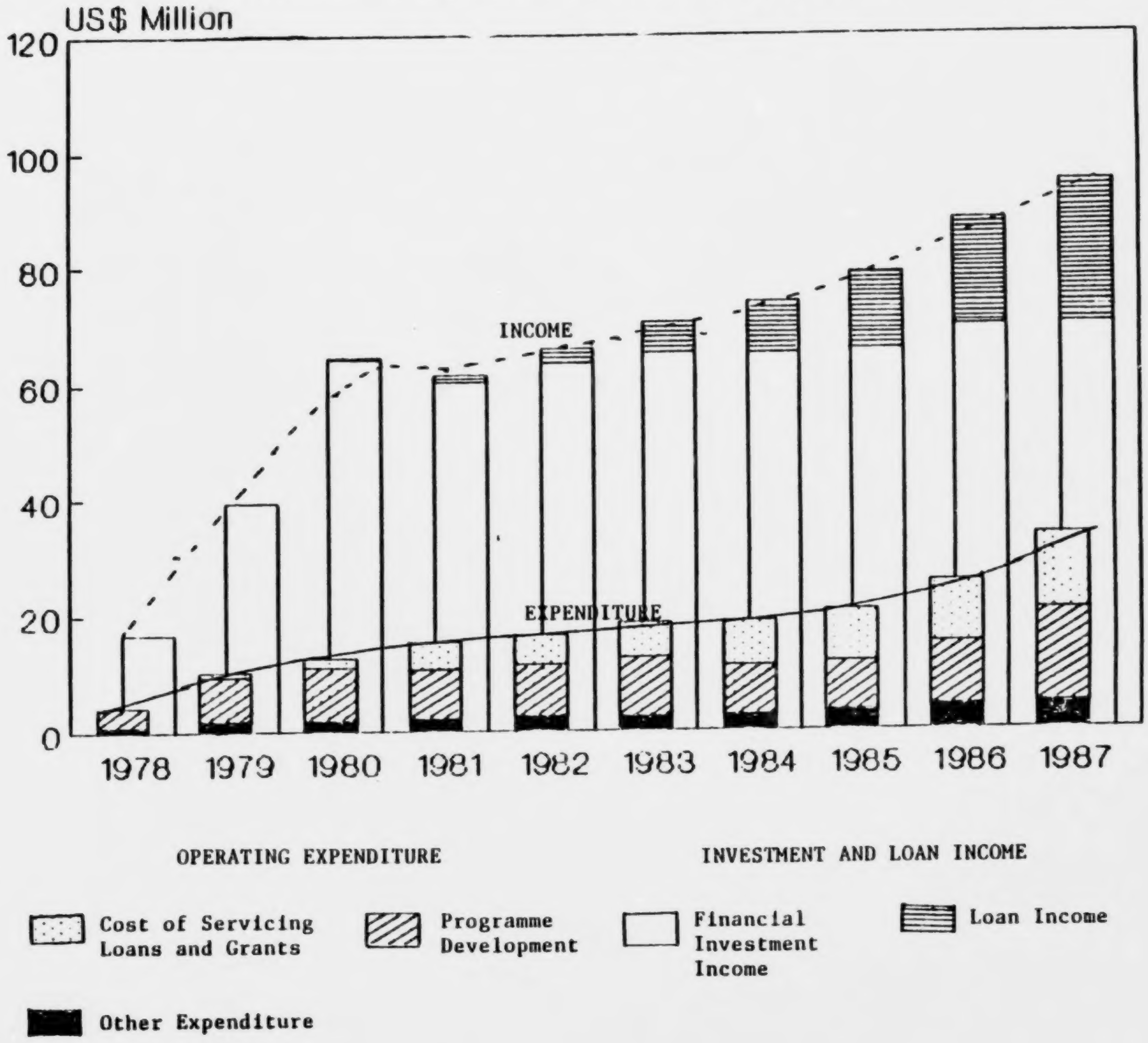
Accordingly, it is recommended that the Governing Council should approve the 1988 Budget in the amount indicated in the Resolution on the basis of the Executive Board's approval of such transfer from the Contingency as is necessary to meet the cost of the Evaluation Committee.

Accordingly, the President invites the Governing Council to adopt the attached draft Resolution.

The Governing Council may be interested to note the information shown in the attached chart which is reproduced from IFAD's 1987 Annual Report. This chart, among other things, shows the growth of loan income. Included in loan income are both explicit and implicit service charges, i.e. the explicit one percent service charge paid on loans on highly-concessional terms and the implicit service charge which is included in the four and eight percent interest charges for loans on intermediate and ordinary terms. In the context of the discussion on the cost of servicing an increasing number of loans under implementation (paragraphs 78 (i) and 108 of the document), it is our estimate that at the present time these costs are within the implicit and explicit service charges.

IFAD : 1978 - 1987

Investment & Loan Income vs. Operating Expenditure



DRAFT RESOLUTION ON THE BUDGET OF IFAD FOR 1988

Resolution /XI

Budget of IFAD for 1988

The Governing Council of IFAD,

1. Bearing in mind Article 6.10 of the Agreement Establishing IFAD and Regulation VI of the Financial Regulations of IFAD;

2. Noting that at its Thirty-First Session, the Executive Board reviewed and agreed upon a Programme of Work of IFAD for 1988 in the amount of SDR 202.2 million;

3. Having considered the recommendation of the Thirty-First Session of the Executive Board concerning the proposed Budget of IFAD for 1988; and the decision of the Thirty-Second Session of the Executive Board concerning the establishment of an Evaluation Committee and its related impact on the Budget of IFAD for 1988;

4. Approves the Budget of IFAD for 1988, as contained in document GC 11/L.3 in the amount of US$ ____________* determined on the basis of a rate of exchange of ____________*, plus a Contingency of US$ 500 000; and authorises the revised representation of the President of IFAD, referred to in the same document;

5. Decides that in the event the average value of the US Dollar in 1988 should change against the Italian Lira rate of exchange used to calculate the Budget, the total US Dollar equivalent of the Lira expenditures in the Budget shall be adjusted in proportion that the actual average exchange rate in 1988 bears to the Budget exchange rate.

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* To be inserted on the day of approval by the Governing Council.

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1/ The 1988 Budget and comparative 1987 amounts are stated in United States Dollars throughout this document. For simplicity, the words dollar/dollars and the symbol $ should be taken to mean United States currency. Where there is a specific reference to another currency or to Special Drawing Rights (SDR), it is clearly indicated.

I. OVERVIEW

A. The 1988 Budget

1. The Executive Board has indicated its desire to see greater clarity and transparency in presentation of IFAD's annual Programme of Work and Budget. It was in the light of these concerns that a significant effort was made in preparation of the 1987 Budget to make it clearer and more comprehensive. This effort was appreciated by the Executive Board and the Governing Council.

2. In a similar vein, and particularly because of the lower level of resources available for the Programme of Work, a very determined effort has been made over the past two budget years to keep the Budget at the lowest possible level consistent with the need to meet the Fund's obligations with respect to processing and controlling the use of its resources for agricultural and rural development investment programmes. The 1986 Budget represented a reduction in real terms of 8% below that of 1985. While there was a slight increase of 2% in the real value of the 1987 Budget over that of 1986, it still remained smaller in real terms than the Budget of 1985 in spite of the increased cost of servicing the soaring portfolio of on-going investment projects. This trend continues in the 1988 Budget. As far as possible expenses have been held to the level of 1987 with necessary increases in certain expenses being largely compensated by decreases in others. As will be noted in Table 3 on Page 17, there is a net real increase of only $ 65 000 and even this is because of the exceptional need to hold two meetings of the Consultation of the Third Replenishment in addition to an expected two meetings of the High-Level Intergovernmental Committee.

3. The 1988 Budget also introduces in the following paragraphs the concept that certain expenses which represent services to Member Governments in relation to projects and were heretofore included in IFAD's operating budget, should now be financed from the amount allocated for the Programme of Work.

B. A Proposed New Presentation of the Programme of Work and Budget

4. Over the years, the presentation of IFAD's Programme of Work and Budget has been fairly standard. From reviews of other international institutions it was observed there is considerable variation in the way they present project related expenses, in particular such expenses as project development and evaluation.

Also, while other institutions may directly undertake appraisal and supervision of the projects which they finance, IFAD is mandated to give responsibility for supervision of all projects and appraisal of most to cooperating institutions but at the same time to closely review and monitor the work of these institutions. Thus for project development IFAD is very deeply involved in all stages of the project cycle, either in actually undertaking the function itself or through following up on the cooperating institutions' work. In addition, given IFAD's specific mandate and the complexity of dealing with rural poverty alleviation programmes, the development of projects is a highly intensive process. Added to this is the cost incurred in the surveillance of the work that cooperating institutions carry out for IFAD to ensure that they meet the Fund's specific needs and requirements. The charges of the cooperating institutions also place an additional burden on the Fund as IFAD has little control over fees charged, and a preliminary study has indicated that on the whole these cooperating institutions, by reason of their location, are more expensive than the Fund would be if it had the capacity and authority to carry out the work entrusted to the cooperating institution itself.

5. In effect, IFAD's project cycle includes a range of important actions.

- **Special Programming Missions (SPMs)** are aimed at assisting governments to develop broad policy considerations for rural poverty alleviation and to identify the basis for IFAD's strategy of interventions in such countries.

- **General and specific identification missions**, focus more sharply on defining IFAD's operational strategy in a country, investigating available project choices, and identifying the objectives, scope and content of the projects selected for inclusion in IFAD's project pipeline for further development.

- **Project preparation missions** to assist governments to develop detailed project proposals, often deal with highly complex technical, institutional and socio-economic issues.

- **Appraisal missions** which for most other institutions concern themselves primarily with technical and financial feasibility, must, in the case of IFAD, also assure that projects are targetted in a manner which derives full beneficiary participation and that the projects will have a significant effect on improving the welfare of the rural poor.

- **Supervision missions**, carried out by cooperating institutions with increasing participation by IFAD staff, concern themselves not only with simple physical progress, but with assessing whether the intended beneficiaries are in fact properly participating and improving their production and income. The missions ensure that IFAD is fully informed on the status of project implementation, so that it can undertake timely corrective action to overcome problems encountered in the course of implementation.

- In particular, IFAD's strong emphasis on **monitoring and evaluation**, virtually unique among international financial institutions, involves IFAD in a highly complex set of activities, all of which represent direct support to the needs of Member Governments. Monitoring and evaluation programmes are carried out to assist governments build M&E capacity at the national level. Undertaking major mid-term, ex-post and cross-sectoral evaluations is essential to assure that the right lessons are learned for application not only by IFAD but by national governments and other donor organizations.

6. The very nature of rural poverty alleviation programmes calls upon the Fund to give particular attention to the whole question of appropriate evaluation methodology. In order to ensure effective project implementation, including assurance that implementation is properly aimed at the intended beneficiaries, as well as to assist in better understanding of how national M&E programmes should be carried out, the conduct of training programmes has become an increasingly important part of IFAD's project-related activities and services to Member Governments.

7. From IFAD's inception, it has been the practice that costs related to IFAD financing of project preparations should be carried under provisions for technical assistance grants i.e. in the approved commitment level authorized in the "Programme of Work" while financing for all other project-related activities and services to Member Governments has been provided under the operations budget.

8. However, considering the different practices of various agencies for handling such costs, the intensity of IFAD project preparation and evaluation efforts, and the necessity to provide a more objective analysis of the real administrative costs of the Fund, it was felt that a new approach should be adopted whereby specifically identifiable costs of project-related activities and services to Member Governments should be separated from the Budget and - as is the case now for project preparation costs - dealt with through the authorized amount for commitments for the Programme of Work.

9. Following review of these matters, the President proposed in his presentation of the Budget to the Executive Board at its Thirty-First Session in September 1987, that in addition to those activities which have traditionally been financed through the Programme of Work, the President should also be authorized to finance the identifiable external costs of SPMs, project identification, monitoring and evaluation activities, and the conduct of implementation and M&E workshops and training activities, all of which should be considered as project-related activities and services to Member Governments and included in the Programme of Work.

10. Specifically, the President proposed to the Executive Board that the Programme of Work for 1988 should include the following:

(a) Loans to Member Governments;

(b) Technical Assistance Grants

- Grants to CGIAR and non-CGIAR research programmes;
- Technical assistance and training grants, including:

  (i) Technical assistance grants in support of loan financed programmes;
  (ii) Technical assistance and training grants to regional institutions;
  (iii) Technical assistance grants for specialized training programmes such as the Agricultural Management Training Programme for Africa (AMTA);
  (iv) Grants to NGOs under the development new NGO Extended Cooperation Programme;
  (v) Grants for project preparation;

(c) Project related activities and services to Member Governments, including:

  (i) Special Programming Missions;
  (ii) Reconnaissance, pre-identification and identification missions;
  (iii) Monitoring and evaluation activities, i.e. mid-term evaluations, ex-post and cross-sectoral evaluations, and costs related to the provision of evaluation methodology;
  (iv) Conduct of implementation and M&E workshops and related training programmes.

Items (a) and (b) above are those activities which have been traditionally financed under the Programme of Work, except for the newly proposed NGO Extended Cooperation Programme which was presented to the Thirty-First Session of the Board. Activities under Item (b) would continue to be governed by the Agreement Establishing IFAD which provides that not more than one eighth of IFAD's resources would be devoted to grants and the further understanding reached between the Executive Board and the President that for the present time such technical assistance grants would be restricted to 5 percent of the Programme of Work. Activities under Item (b) would also continue to be governed by IFAD's policy on Technical Assistance. It is proposed that activities under Item (c), on the other hand, would not be restricted by IFAD's policy on Technical Assistance, rather that these Project-related Services and Services to Member Governments would continue to be available to members receiving all three categories of loan conditions, as has been the case when these activities were financed under the Budget. However, it would be expected that total financing provided under Items (b) and (c) combined would continue to be governed by the requirement that not more than one eighth of IFAD's resources be utilized for grant type activities.

11. The Executive Board at its Thirty-First Session approved the President's recommendations with regard to the 1988 Programme of Work, and authorized the President to undertake expenditures for project-related activities and services to Member Governments, within the framework and amounts spelled out in the Programme of Work, on the same basis and in the same manner as if these expenditures were to be financed from the Budget.

12. Although the Executive Board did approve the proposal to meet these expenses from the amount allocated for the Programme of Work, in order to provide the Governing Council with a proper comparison of expenses proposed for 1988 with the 1987 Budget, these expenses are shown in the 1987 budget format. They are then deducted from the total to give the amount of the proposed 1988 Budget of US$ 32 697 000, including US$ 500 000 for contingencies. The amount so deducted has been included in the SDR 202.2 million allocated for the Programme of Work for 1988.

C. Management Information Systems

13. The 1987 Budget made provision for initiation of planning of a new Management Information System (MIS). During the course of 1987, an important study was undertaken to refine and integrate the existing computer and word processing system into an MIS. The study was further reviewed by an independent external consultant as well as the United Nations Computer Centre. The External Auditor has also been informed of the proposal in this study and has indicated strong support for development of the MIS, stating that development of the MIS is essential to ensure the integrity of the Fund's financial systems. Based on this study, which is separately described in Section V of this Budget document, the President decided to move forward with development and installation of the MIS. This will require incremental costs for staffing, consultant services, software and hardware. These incremental costs are described and included in the Budget document. However, countervailing reductions have been made in other parts of the Budget so that these incremental costs have been offset with no overall increase in the Budget as a result of the MIS.

D. Staffing

14. As an element of development and installation of the MIS, additional regular staffing will be required. The Budget makes specific proposals for the establishment of five Professional and one General Service positions for this purpose.

15. Some other staffing proposals are described under Section VII of the Budget, involving the establishment of one new Professional position for Monitoring and Evaluation and four new General Service positions in Loan Service, Accounting and Internal Audit, the conversion from temporary to regular status of two Professional positions (one for M&E, one for Legal Services), and the conversion from temporary to regular staus of eight General Service positions.

E. Exchange Rate

16. It is recalled that in preparation of the 1987 Budget, Italian Lire expenditures were calculated at the same Lire/Dollar exchange rate as had applied to the 1986 Budget, in order to permit the easiest possible comparison of costs between the two Budgets. However, it was agreed that the actual exchange rate to apply to the Budget would be that prevailing on the date of approval of the Budget by the Governing Council.

17. The 1988 Budget has been prepared in the same manner, i.e. using the exchange rate of Lire 1384 to the Dollar which was approved for the 1987 Budget. Consistent with the newly established procedure it is proposed that the exchange rate actually to apply will be fixed on the date of approval of the Budget by the Governing Council, at which time the budget amounts will be adjusted to reflect the new approved rate.

II. REVIEW OF RESOURCES AND COMMITMENTS

Commitment Levels, 1978 to 1987

18. The following table shows the amounts approved by the Executive Board for the ten year period 1978 to 1987.

Table 1 - Loans and Grants Approved (excluding Cancellations) 1978 - 1987
(expressed in SDR million - rounded)

	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
Total loans	90	292	298	305	291	248	193	126	92	116
Number of projects	(10)	(23)	(27)	(30)	(26)	(24)	(25)	(17)	(17)	(19)
Technical assistance grants	-	5	12	19	17	19	14	10	5	6
Total loans and grants	90	297	310	324	308	267	207	136	97	122

19. The amounts committed have been affected by the uncertainties and delays in reaching agreement on the levels of the First and Second Replenishment.

20. Initially, this impacted the Fund's ability to make commitments; however, the uncertainties and delays also had an adverse impact on the work of project development and, as a result, on the project pipeline. This slowdown, even with the effectiveness of the Second Replenishment, has affected the number of projects available for presentation to the Executive Board.

21. While the Programme of Work for 1987 was approved at the level of SDR 250 million, this proved to be over-ambitious, since the pipeline, which was depleted as a result of past uncertainties concerning the Second Replenishment negotiations, did not allow the presentation of the number of projects initially intended for 1987. The Fund has approved loans totalling SDR 116 million and grants totalling SDR 6 million in 1987.

22. It is in the light of this experience that it appears more realistic to anticipate a target of SDR 200 million for loans and technical assistance grants in 1988. However, the build-up of the pipeline in 1987 and 1988 should permit a larger programme in 1989, resources permitting.

23. Table 2 shows the expected resource flow for 1987 and 1988:

Table 2 - Estimated Resources Available for Commitment
(expressed in SDR million)

		1987	1988
Carry-in per Appendix D of audited financial statements 31 December 1986	192 1/		
less : loans and grants not signed at that date	60	132	363
Second Replenishment contributions		277 2/	
Through utilisation of non-convertible currencies in lieu of convertible currencies		1	1
Loan repayments		15	27
Cancellation of loan commitments		17	-
Net income, after transfer of US$ 5 million to General Reserve		43	42
		485	433
Commitments :			
Loans and grants approved - 1987		122	-
Proposed for 1988		-	200
		122	200
Carry-over		363 3/	233

1/ After excluding the unpaid instalments of the Initial Contributions SDR 63 million and unpaid drawdowns totalling SDR 44 million, as well as a promissory note of the First Replenishment, which has not been committed against, SDR 17 million.

2/ Received to 30 November 1987, SDR 91 million. Further instalments of SDR 186 million are assumed on the basis of resolution 37/IX of the Ninth Session of the Governing Council.

3/ This carry-over assumes the completion of all payments towards the Second Replenishment. In the event that there are delays in payments beyond 31 December 1987, this would reduce the carry-over into 1988.

III. PROGRAMME OF WORK FOR 1988 [1/]

1988 Programme of Work

24. The Thirty-first Session of the Executive Board approved a Programme of Work of SDR 202.2 million for planning purposes for 1988. This amount would include approximately SDR 190 million for loans, approximately SDR 10 million for technical assistance grants and approximately SDR 2.2 million for project-related activities and services to member countries.

(a) Loan Programme

25. It is planned that up to 22 projects will be submitted to the Executive Board for approval during 1988. This amount is set on the basis of the pipeline of projects expected to be available in 1988 and the availability of resources to be committed to loans. It is anticipated that about 70% of loans to be proposed in 1988 will be IFAD-initiated and the remaining 30% of the loans will be projects initiated by cooperating institutions and cofinanced by IFAD. The average loan size will be approximately SDR 8.5 million. Efforts will also be made to mobilize additional resources through cofinancing arrangements with international financial institutions and other external donors.

(b) Technical Assistance Grant Programme

26. It is envisaged that of the SDR 10 million planned for technical assistance grants, up to SDR 1.5 million will be provided to Member Governments as grants for preparing projects suitable for IFAD financing. Secondly, it is estimated that SDR 3.5 million will be necessary to continue financing of technical assistance grants for on-going research programmes carried on by CGIAR and non-CGIAR supported International Agricultural Research Centres. As usual, actual commitments to individual centres will be approved by the Executive Board.

27. The remaining SDR 5 million would be for financing other technical assistance grants. These grants would be provided for supporting new regional and sub-regional research and training activities focussing exclusively on activities affecting IFAD's target group, institution-building incorporated into projects and up to $ 350 000 under the IFAD/NGO Extended Cooperation Programme (ECP) the establishment of which was authorized at the Executive Board's Thirty-first Session. Such proposals, except that for the NGO programme, will be presented during the year to the Executive Board for its approval.

[1/] The 1988 Budget and comparative 1987 amounts are stated in United States Dollars throughout this document. For simplicity, the words dollar/dollars and the symbol $ should be taken to mean United States currency. Where there is a specific reference to another currency or to Special Drawing Rights (SDR), it is clearly indicated.

28. Upon government request, IFAD provides grants for project preparation to the countries which are normally eligible for highly concessional terms on loans. For countries normally eligible for intermediate terms on loans, the cost of preparation would be recovered under the terms of a related loan. The number of preparations to be financially supported by IFAD will be 13 to 15, a modest increase compared with 1987 (12).

29. The need for grant financing at levels approximately similar to those provided in the past is important for the continued support to key research programmes. It will be noted that excluding grants for project preparation, training, institution-building and the IFAD/NGO Extended Cooperation Programme, research grants as a percentage of total commitments in 1988 will be about 3.5%, which is in line with the decision of the Executive Board at its Twenty-Sixth Session.

(c) Project-Related Activities and Services to Member Governments

30. As noted in the Overview, the Executive Board approved a proposal that certain expenses representing project-related activities and services to Member Governments should be financed under the Programme of Work rather than, as in the past, under the Budget. These expenses are therefore described in the following sections of the Programme of Work. However, as noted in paragraph 12, the amount of these expenses is also shown in the Budget to permit a comparison with the 1987 Budget but are then deducted to give the 1988 Budget total.

(i) Special Programming Missions

31. Within the context of new programme development, a major role is assigned to Special Programming Missions (SPMs). The terms of reference of these country programming missions include analytical, policy and development strategy formulation tasks. In addition to a profound examination of characteristics, dimension and location of rural poverty, the analytical work of these missions invariably covers also an assessment of the resource base and present and potential resource utilization of the IFAD target groups. Furthermore, they imply a thorough review of the nature and impact of policy instruments affecting the production capacity, employment opportunities, income generation and standards of living of the rural poor.

32. The policy orientation and strategy design tasks are other essential objectives of the SPMs; they aim at assisting in the process of policy formulation and investment programming of Member Governments.

33. Although the SPMs, since their start in 1979, have been contributing to the development of the lending programme, with the increased number of operations during 1987 further emphasis has been given to the role of these missions in the early stages of the project cycle. Consequently, in collaboration with PMD, efforts are being made to ensure that SPMs would also result, to the broadest extent possible, in identification of specific projects. Such proposals for future IFAD investments will be formulated within the context of lessons learned from past and ongoing Fund-financed projects.

34. By the end of 1987, 35 missions will have been undertaken including the five launched this year to Ecuador, the Philippines, Ghana, Nepal and Yemen Arab Republic. The number of operations proposed for 1988 will be at the same level as in 1987. Again in 1988 the missions will give great attention to analytical as well as lending programme orientation tasks - the latter both for designing appropriate projects in member countries and to enhance co-financing possibilities. It is proposed that $ 570 000 would be allocated for SPMs in 1988, or approximately $ 114 000 per SPM.

(ii) Identification

35. In view of the recent decline in the number of projects in the Fund's project pipeline, particular efforts are called for in 1988 for strengthening the pipeline in order that 15 to 20 IFAD-initiated projects can be submitted annually for 1989 and beyond. The allocation for identification missions in 1988 is estimated at $ 1 426 000 which will allow for approximately 18 missions, the same number as in 1987. Therefore, other options for strengthening the pipeline need to be explored. In fact, some governments have expressed an interest in or are considering the possibility of providing resources for this purpose which will permit the Fund to mount an additional number of identification missions. As noted in paragraph 33, the scope of Special Programming Missions would be extended so that such missions would also result in identifications of specific projects and would help to build the pipeline.

(iii) Monitoring and Evaluation (M&E)

36. As indicated in the most recent Report to the Executive Board on IFAD's Monitoring and Evaluation activities (document EB 87/30/R.22), IFAD's concerns with M&E may be grouped as follows:

(a) Assisting governments to establish Project Monitoring and Evaluation capacity through:

  (i) providing M&E Design and Follow-up Missions to help governments establish and operate project-level (or project-supportive) M&E programmes;

  (ii) carrying out regional and national M&E Training Workshops;

  (iii) developing appropriate methodology for use by national governments;

(b) conducting mid-term evaluations to assist recipient governments and IFAD to determine whether projects are on-course and likely to achieve their objectives and serve those beneficiaries intended;

(c) conducting ex-post evaluations to assist recipient governments and IFAD to determine overall effectiveness of projects in meeting their objectives and to learn lessons for future project design;

(d) undertaking cross-cutting evaluations to obtain a better understanding of sub-sectoral issues;

(e) undertaking M&E research and publications.

37. In the past, the above five functions have been the responsibility of the M&E Division in IFAD and budgetary allocations for all five functions have been carried under the heading of Monitoring and Evaluation and have been administered by the M&E Division.

38. At this stage, a solid understanding of methodologies and methods for designing and supervising national level M & E Units, item (a)i in paragraph 36, has been established and it is possible for the Programme Management Department to take over full responsibility for the programmatic aspects of these Units, with the Monitoring and Evaluation Division providing technical back-stopping to the regional divisions. As a matter of fact, the process of placing greater responsibility on the Project Management Department for national-level M & E Units has been initiated over the past two years. In 1988 it is intended that full responsibility for the design and follow-up of national level M & E Units will be placed in the Project Management Department and that funding, previously carried in the M & E Division for those activities, will be incorporated in overall resources for project design and supervision. The M & E Division will, however, continue to provide backstopping for the continued development and dissemination of M & E methodology and for the conduct of baseline surveys and/or related benchmark studies, as part of the project preparation/appraisal and supervision process.

39. This change, to be completed by the end of 1987, will permit the M & E Division to devote its full professional capabilities to the issues of mid-term, ex-post and cross-cutting evaluations, along with the related M & E research and publications. Also, it comes at a particularly appropriate time, since the number of completed projects now calls for the M & E Division to devote an increasing share of its time and abilities to the undertaking of ex-post and cross-cutting evaluations.

40. As is discussed in paragraph 76 under Staffing and Staff Costs, the President is proposing the establishment of two additional professional positions in the M & E Division. One, a conversion to regular status of a previously authorized Temporary in Lieu of Permanent (TIL) position, the other to provide for a regular employee to reduce dependence on consultants for the conduct of evaluation missions. This would bring the total professional staff of the M & E Division to five, and would reduce the Division's dependence on short-term consultants and reinforce its ability not only to give overall supervision to our evaluation programme but also to become much more actively engaged in it. This would also provide a stronger institutional memory for the application of evaluation strategy and methodology and the review of results achieved.

41. The proposed allocation for the Monitoring and Evaluation Division for 1988, other than staff costs, is $ 652 000, a decrease of $ 486 000 compared with 1987. Part of the decrease ($ 133 000) is actually a transfer that is due to the shifting of responsibilities for M & E design missions from the M & E Division to the Programme Management Department, as described in paragraph 38 above. The actual decreases are made on the following grounds:

(a) A reduction of $ 83 000 in consultants' costs will finance a new regular position in the budget category "Staff Costs".

(b) The largest part of the decrease is attributed to the proposed reduction in the number of mid-term evaluations, from 23 planned in 1987 to 12 proposed for 1988. It is recognized that IFAD has accumulated a substantial number of mid-term evaluations, including 14 in 1984 and 23 in 1987. An increasing portion of the work of the M&E Division in 1988 will therefore be devoted to a deeper analysis of the lessons learnt from these mid-term evaluations to be applied to future project development and programme strategies.

(c) Because of the extension of the closing dates of a number of projects or delays in the preparation of Project Completion Reports (PCRs) by the Borrower and/or the Cooperating Institution, the 10 completion/ex-post evaluations originally planned for 1987 are likely to be reduced to 6. The 8 completion/ex-post evaluations proposed for 1988 thus represent an increase of 2 over 1987, although there is a nominal decrease of 2.

(d) A decrease is also planned for the cost of sub-sectoral studies. Two were initiated in 1987 and will be completed in 1988; in the course of 1988 only one further sub-sectoral study is planned.

This decrease in the allocation for M & E should not therefore be seen as a reflection of lesser priority given for the evaluation function. On the contrary, the President continues to believe this is an exceptionally important set of functions, particularly for an institution like IFAD, the programmes of which are so directly beneficiary oriented.

42. In the area of M & E training, contributions will continue to be made through the Agricultural Management Training Programme for Africa (AMTA) as well as through the organization of M&E workshops in collaboration with appropriate national and regional development training and/or research institutions on a cost sharing basis. These national workshops can be seen as a follow-up to regional M&E seminars and workshops already held or planned for the Latin America and Caribbean region, the Asia and Pacific Region, the Near East and North Africa region and the AMTA programmes in Africa.

43. With respect to the methodological research and publications, the joint World Bank, IFAD and FAO publication in two volumes - "Project Monitoring and Evaluation in Agriculture Investment Projects" and "Collection, Processing and Use of Monitoring and Evaluation Data" - are expected to be published late in 1987. The third volume, to be edited by IFAD, will deal with sub-sectoral M&E guidelines and is expected to be completed in 1988.

IV. THE 1988 BUDGET [1]

1988 Budget Category Totals

44. In preparing the Budget for 1988, the restraint exercised in 1986 and 1987 was continued. Although the Tenth Governing Council gave favourable support to the President's recommendations given with the study on IFAD's future financial structure and the meetings of the High-level Intergovernmental Committee have set a positive tone for the Third Replenishment, the President is conscious of the fact that the economic situation in which some Member countries are currently placed is not conducive to an expansionary budget. Even with the knowledge that IFAD's Budget is not assessed on its Members but represents authorization to spend from investment income, the President believes the Fund should be in step with other international organizations who are presently obliged to curtail their work programmes and stay at or below zero growth.

45. In this spirit of strict economy, the President has continued to review the operations of the Fund to determine what further expense reductions may be made and how the Fund could possibly deliver its projects at lower costs for development and administration. However, recognising that only a part of the expenditures concern new projects and that a large amount represents the cost for supervision and loan administration of an increasing portfolio of loans, there is a necessary increase in these implementation costs which are beyond management's control.

46. In addition, it is necessary to provide in 1988 for the first full year of development costs of a new Management Information System (MIS), which will partly replace a nine-year old computerised accounting system and will also provide data processing facilities to all IFAD departments. The President decided that the incremental cost of the MIS had also to be found in the 1988 Budget (For a greater discussion of this subject see Section V).

47. Meeting the increased cost of developing the MIS, meant that conscious reductions had to be made in a number of operating expenses and activities, except supervision.

48. However, there is an exceptional increase in expenses over 1987 in the category of "Governing Bodies and Other Official Meetings" related to the fact that provision must be made for two meetings of the Consultation on the Third Replenishment in addition to the costs of two HLIC meetings which are budgeted in both 1987 and 1988. While a part of the estimated requirements of $ 303 000

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[1] The 1988 Budget and comparative 1987 amounts are stated in United States Dollars throughout this document. For simplicity, the words dollar/dollars and the symbol $ should be taken to mean United States currency. Where there is a specific reference to another currency or to Special Drawing Rights (SDR), it is clearly indicated.

for the Consultation meetings has been met through reduction in estimated costs of other governing body meetings, there is still a net real increase in these expenses of $ 168 000, which represents an exceptional requirement not likely to be repeated in other years. It has been possible to reduce certain other costs so that the total net real increase in expenses is only $ 65 000 rather than the aforementioned $ 168 000.

49. **Reflecting these considerations, expenses to be incurred in 1988, as presented to the Executive Board, were proposed at $ 35 345 000, including a contingency of $ 500 000 represented an increase of 5.82% over 1987.** As is explained in paragraph 51, different inflation factors have been utilized for these various expenses, but the overall average price increases are estimated at 5.62%. If the costs of the Consultations on the Third Replenishment ($ 303 000) are deducted from the total expenses, there is an increase in 1988 over 1987 of only 4.92%, lower than the 5.62% price increase, representing less than zero real growth.

50. Table 3, which follows, shows the 1988 expenses by category as presented to the Executive Board, distinguishing price increases over 1987 from other increases (decreases). This table shows total expenses as US$ 35 345 000. However, as noted earlier, the Executive Board did approve the proposal that certain of those expenses, totalling US$ 2 648 000, should be financed from the allocation for the Programme of Work rather than from the operating Budget. Therefore, from the total of $ 35 345 000 is deducted this amount of $ 2 648 000 representing the value of project-related activities and services to Members which are now to be included in the Programme of Work. The resulting Budget for 1988 now recommended for Governing Council approval is therefore $ 32 697 000.

51. The price increase provisions made in the budget take into account any known facts such as movements in indices, the impact of any survey on General Service salaries, actual increases in utilities, negotiated contracts and other factors, internal or external, which have influenced costs. For these reasons, it is not possible to identify the total "price" increases in the budget with any particular inflation rate either in the host country or elsewhere. The estimates are built up for each type of expenditure using appropriate factors including past experience and trends. The principal elements are as follows:

(i) unless otherwise specifically referred to, 5% has been applied to all Italian Lire expenses and Dollar expenses for inflation;
(ii) the increase for Professional salaries is for the step increase and post adjustment;
(iii) an increase of 18% is predicted for the Rome daily subsistence allowance for all non-local conference staff and consultants, and installation allowance for new staff; (subsequent to preparation of the Budget, the DSA has been increased by 27.5%);
(iv) Repatriation and Termination costs require an updating of accrued benefit to the latest salary level, involving an increase of 9.6%.

The individual categories are discussed in greater detail in the following sections V to XI inclusive.

Table 3 - Comparison of 1988 Budget with 1987 Budget (expressed in $ '000) 1/

	1987 Budget	Price 2/ Increase	Other Increase (Decrease)	Proposed for 1988
1. Governing Bodies & Other Official Meetings	1 964	167	168	2 299
2. Staff Costs	12 851	759	353	13 963
3. Payments to Cooperating Institutions & Consultants for Programme Development Implementation and Evaluation 3/ 4/	10 985	549	(163)	11 371
4. Office and General Expenses	4 323	223	(92)	4 454
5. Other Operational Expenses	2 377	182	(201)	2 358
	32 500	1 880	65	34 445
6. Other Items:				
a. Expenses on the New Headquarters Building	400			400
b. Contingency	500			500
Total, as presented to the Executive Board	33 400			35 345
Less: Project-related activities and services to Member Countries (see Table 6) 4/	3 115			2 648
Revised Total Proposed for Governing Council Approved	30 285			32 697

1/ Italian Lire Expenditure has been converted at Lt. 1 384/$ 1.00, the approved rate for 1987, throughout the document. The definitive rate of exchange will be set at the time when the Eleventh Session of the Governing Council approves the budget.

2/ For an explanation on the basis for price increases see paragraph 51.

3/ Payments to Cooperating Institutions and consultants now include the cost of short-term support for preparation of mission reports and the 1987 amount has been re-stated for comparison purposes.

4/ To provide a proper comparison, payments to Cooperating Institutions and consultants are presented in this table on the same basis as for 1987 and earlier years. As mentioned in the Overview (paragraphs 4 - 12), the costs of certain project-related activities and services to Member Countries are deducted from the budget and treated as part of the allocation for the Programme of Work. (See Section VIII Table 6 for the details).

V. MANAGEMENT INFORMATION SYSTEMS (MIS)

52. The Executive Board at its Twenty-Eighth Session in September 1986 expressed support for the proposal to develop an integrated Management Information System (MIS) but noted that caution should be exercised to ensure its adaptability to IFAD's long-term requirements. An initial amount of $ 350 000 was provided in the 1987 budget and approved at the Tenth Session of the Governing Council, (document GC 10/L.5 Section X paragraph B), to meet the initial costs of upgrading equipment and software and it was stated that a more comprehensive study and report on costs would be provided with the 1988 Budget.

53. The President established a Working Group to carry out a careful analysis of IFAD's present and future data processing requirements and a cost/benefit analysis of possible alternative solutions. A summary of the Working Group's Report (May 1987) and its recommendations were presented to the Executive Board at its Thirty-first Session. The President obtained the advice of an independent consultant on the Working Group's recommendations and accordingly decided on the implementation of those recommendations subject to obtaining the approval of the Executive Board. The following paragraphs contain the main conclusions of the Working Group, endorsed by the President.

54. The present financial systems applications could no longer be adequately maintained on the Philips mini-computer and that substantial benefits and savings in staff and consultancy time could be achieved with the full development of a new integrated MIS which would enable significant improvement in efficiency of operations and productivity of staff by providing a comprehensive/integrated information, data and word processing system. The financial applications must cope with an ever growing project loan portfolio and future staff increases can only be avoided with new systems development for finance, loan administration and investments and priority must be given to this area.

55. As IFAD relies on information in virtually every aspect of its operations, reliable, consistent and complete data is essential and the Working Group found considerable scope for improving the efficiency of IFAD's planning and operations through the implementation of an MIS. Although information flows exist they are not "institutionalized" for general use and often non-standardized data on project operations results in substantial loss of staff and consultancy time to search for reliable data/information.

56. The MIS will also provide the framework for a consistent approach to project analysis and facilitate cross comparison of project components as well as a framework for project appraisal and the computer processing capacity to utilize a computerized project analysis system such as COMPASS to carry out full fledged project analysis/appraisals. The benefits/savings in this area are substantial.

57. Various alternatives for the hardware, software and other technical support facilities requirements for an MIS were evaluated. It was concluded that a telecommunication link to the United Nations International Computer Center (ICC) in Geneva to provide the data processing and storage facilities and some support services for the MIS provided the most overall benefical solution for IFAD. The ICC mainframes would provide capacity required and the existing in-house Wang network with over 100 workstations would provide the distribution network and allow staff with the same terminal to do word processing (in-house) and data processing (out-of-house) thus, avoiding duplication of hardware. The expansion of the Wang office automation word processing system, therefore, simultaneously provides increased access to the MIS.

58. The Wang/ICC alternative also requires less staff than an in-house mainframe solution. The Working Group gave considerable attention to the staff required for MIS and identified the need for five (5) professional and one (1) support positions in addition to existing staff. An in-house mainframe solution would have required as a minimum one more professional position assuming the facilities management could be sub-contracted to the vendor. It is also estimated that approximately ten man-years of temporary system analysts and programmers are required to develop the system during 1988/1990. Existing staff and new staff are being integrated into a MIS Unit which for an initial period is established in the General Affairs Department and under the supervision of the Chief, Administrative Services. The Working Group has been enlarged to function as a User Group for MIS. A Strategic Options Committee chaired by the President and including the Vice President and Assistant Presidents, ED, GD and PD will decide policy issues.

59. The full integration of systems should take place by 1990. However, some integration will take place in 1988 with some shifts in resources and staff. In order to provide Members with an overall view of all related on-going costs and the new MIS, the expenses from all cost centers are presented in the table on page 20.

60. The Working Group's goal is to provide IFAD with a cost effective information system that will generate incremental benefits in excess of costs. The overall incremental cost increase from 1987 to 1988 for both existing systems and the new MIS is only $ 399 000. The shift in resources from Philips to the new MIS and the integration of staff resources, provides additional benefits resulting in some reduction in the estimated incremental costs identified by the Working Group when carrying out the cost/benefit analysis, on the basis of data processing requirement alone. Taken as a whole, the annual incremental benefit measured in terms of future savings of additional staff time and consultancies would be as much as $ 2 million, thereby generating savings against future cost increases of $ 1.6 million. It is estimated that the development of the full MIS will take approximately three years. However, savings against future cost increases will already begin to be realized after one year and it is expected that savings in future costs will offset the incremental costs of the MIS by the end of 1989.

NEW MANAGEMENT INFORMATIONS SYSTEM AND CURRENT COMPUTER SYSTEMS BUDGET ESTIMATES 1987 AND 1988

BUDGET ITEMS	1987		1988	
	Existing Philips/WANG $	New MIS $	Philips Wang $	New MIS $
1. MIS STAFF COSTS				
New staff positions 1/	-	-	-	289,000
Additional Consultants	-	-	-	195,000
Existing staff 2/	159,000	-	107,000	61,000
Existing consultants 2/	179,000	-	-	
MIS STAFF COSTS TOTALS:	338,000	-	107,000	545,000
2. MIS DEVELOPMENT/SERVICES				
Development hardware	-	150,000	-	35,000
Database management system	-	190,000	-	30,000
DP Terminals/printers	-	-	-	75,000
Technical assistance/maintenance	-	-	-	25,000
Training/travel	26,000	10,000	-	45,000
Telecommunications	-	-	-	140,000
ICC charges	-	-	-	106,000
MIS DEVELOPMENT TOTALS:	26,000	350,000	-	456,000
3. PHILIPS SYSTEM 3/				
Hardware	61,500	-	10,000	-
Software	12,000	-	-	-
Suppliers	18,500	-	12,000	-
Technical assistance	47,000	-	49,000	-
Programming	105,000	-	80,000	-
PHILIPS TOTALS:	244,000	-	151,000	-
4. WANG SYSTEMS 4/				
Hardware	175,000	-	185,000	65,000
Software	12,000	-	12,000	-
Supplies	49,000	-	55,000	-
Technical assistance	168,000	-	201,000	-
Programming/software support	56,000	-	40,000	-
WANG TOTALS:	460,000	-	493,000	65,000
GRAND TOTALS:	1,068,000	350,000	751,000	1,066,000
ANNUAL TOTALS:	1,418,000		1,817,000	
INCREMENTAL COSTS:	1987 TO 1988 = + 399,000			

1/ 50 man months of new staff in 1988

2/ 48 man months of staff in 1987. 36 man months could be devoted to Philips/Wang in 1988, with 12 man months of existing staff being transferred to new MIS

3/ Current Financial System in need of replacement and scheduled to be phased out by 1990

4/ Current Word Processing/Office Automation Systems to be maintained and integrated with the MIS.

61. The 1988 MIS provides for 50 man-months of new staff positions; this will increase to 72 man-months in 1989. The budget also provides for temporary consultants, system analysts, system design and development in 1988, and in 1989 this will be increased with additional analyst programmers during the peak of the development phase. Most of the development hardware/software tools and the Data Base Management System will be purchased in 1987. The 1988 Budget provides for additional hardware including the expansion of the Wang system with an appropriate prorata charge to MIS, the telecommunication link to ICC and related ICC processing/service charges.

62. Whereas the table on page 20 provides an overview of the whole MIS operations, with the formation of the new MIS Unit and the integration of all computing/automation facilities it is necessary to allocate the costs to the respective budget categories for staff, equipment, maintenance etc. It will be observed that the new costs for staff and consultants in 1988 are \$ 484 000 and for other development services and equipment, \$ 456 000. In addition one staff position is transferred from the existing systems, \$ 61 000, and half the cost of a new Wang CPU is allocated to the new system, \$ 65 000. Accordingly, the total cost for the new MIS amounts to \$ 1 066 000.

63. The budget provisions for on-going operational costs for Wang/Philips computer applications are contained in Section IX, the Office and General Expenses and for the staffing under Section VII, Staff. Distributed through the respective categories of the Budget, the costs of the MIS and the continued operation of Wang/Philips are shown in the detailed sections as follows:

MIS		
Section VII F - Staff Costs		
- New Staff		\$ 289 000
- Existing staff position transferred to MIS, shown under Regular Staff salaries and post adjustment		\$ 61 000
Section IX (d)- Office & General Expenses		
- Consultants	\$ 195 000	
- Other items, as indicated in Table 7 (d)	\$ 521 000	\$ 716 000
Total cost of new MIS, as in paragraph 64		\$ 1 066 000
Wang/Philips		
Section VII F - Staff Costs		
- Existing Staff, shown under regular Staff salaries and post adjustment		\$ 107 000
Section IX - Office and General Expenses		
- Table 7 (a) Headquarters Expenses		
- Computer Services		\$ 151 000
- Word Processing & Office Automation Services		\$ 493 000
Total cost of existing computer/office automation		\$ 751 000
Total, all computing/automation		\$ 1 817 000

64. Taken with the cost of the existing Philips/Wang systems the total cost of all computing/automation is \$ 1 817 000 in 1988 compared with \$ 1 418 000 in 1987. Allowing for a price increase adjustment to the 1987 amounts, \$ 73 000, there is an effective real increase for the MIS of \$ 326 000.

VI. GOVERNING BODIES AND OTHER OFFICIAL MEETINGS

65. This category represents the costs of the Twelfth Session of the Governing Council, three sessions of the Executive Board, two High-level Intergovernmental Committee meetings and two Consultations for the Third Replenishment. Detailed costs appear in the following table.

Table 4
(expressed in $ '000)

GOVERNING BODIES & OTHER OFFICIAL MEETINGS	1987 Budget	Price Increase	Other Increase (Decrease)	1988 Budget
a) Governing Council				
Professional Staff (Salary/Allowance Subsistence): Interpreters, Translators and Other	146	20	(14)	152
Temporary Support Staff (Salary/Allowance/subsistence)	136	7	-	143
Travel Expenses	71	4	(15)	60
Communications, Security and Other Services	97	5	(5)	97
Supplies, Printing and Miscellaneous	72	4	10	86
	522	40	(24)	538
b) Executive Board				
Professional Staff (Salary/Allowance Subsistence): Interpreters, Translators and Other	500	73	(26)	547
Temporary Support Staff (Salary/Allowance/Subsistence)	382	19	-	401
Travel Expenses	89	5	(1)	93
Executive Directors - Travel and Subsistence	71	6	(3)	74
Communications, Security and Other Services	30	2	16	48
Supplies, Printing and Miscellaneous	13	1	0	14
	1 085	106	(14)	1 177
c) Meetings on Future Financial Basis				
i) High-level Intergovernmental Committee	357	21	(97)	281
ii)Replenishment Consultations	0	0	303	303
	357	21	206	584
GRAND TOTAL MEETINGS	1 964	167	168	2 299

Twelfth Session of the Governing Council

66. An inflation factor of 5% has been calculated for salaries and administrative costs and approximately 18% for per diem expenses. The item covering air tickets and other travel expenses has, however, been reduced by a net $ 15 000 indicating the continued effort to recruit local staff. A similar reduction of $ 14 000 for per diem expenses is also estimated under the item for professional staff. There is an increase of $ 10 000 provided under Supplies and Printing to cover additional foreseen printing and other commemorative material in connection with the 10th Anniversary of IFAD which will be required for display or distribution at the Eleventh Governing Council. Despite this, there is an overall decrease of $ 24 000 in real terms. The estimated cost of translation of the documentation to ensure its availability in the four official languages is $ 127 000.

Executive Board

67. As mentioned above, the per diem expenses for 1988 for the Executive Board include a price increase of 18% over 1987. The increase of $ 16 000 represents two re-allocations of costs for which corresponding reductions will be seen in other items of the Budget. The first re-allocation is for reproduction expenses relating to Board papers, $ 12 000, which is transferred from Headquarters expenses, see paragraph 113 (iv). The second is for postage and telex costs relating to Board meetings which is transferred from Headquarters expenses, see paragraph 113 (ii). In spite of these increases, the overall amount required for this allocation shows a net reduction of $ 14 000, due mainly to a reduction of one day in one session of the Executive Board. The estimated cost of translation of the documentation, to ensure its availability in four languages, is $ 798 000.

Meetings on Future Financial Basis

68. The estimates for the High-level Intergovernmental Committee (HLIC) Meetings to be held in 1988 are based on two meetings, each of two days, with simultaneous interpretation between and translation into the official languages. The estimates for the Consultation on the Third Replenishment meetings to be held in 1988 are based on two meetings, each of three days, with simultaneous interpretation between and translation into the official languages. If, however, each HLIC meeting were to be held in conjunction with each meeting of the Consultation on the Third Replenishment, a saving on the estimates could be achieved. The budget for High-level Intergovernmental Committee (HLIC) meetings in 1987 was based on an expectation that they would be held outside IFAD's premises. Since there was agreement to hold these meetings in IFAD, costs have been lower than estimated, and this is reflected in a reduction of this budget item of $ 97 000 in 1988. Translation costs for providing documentation in the official languages is estimated at $ 134 500 for HLIC and $ 72 000 for Replenishment meetings.

VII. STAFFING AND STAFF COSTS

A. Introduction

69. IFAD's present staffing pattern was established within the framework of the 1986 Budget when three professional and five general service positions were authorized, bringing IFAD's total regular employment strength to 84 professional and 106 general service employees. This was following a three year freeze in new positions which the Executive Board had considered necessary for reasons mainly connected with the delay in obtaining the First and Second Replenishments.

70. However, the Executive Board and the Governing Council have regularly recognized that the functions of the Fund required additional personnel services on both a long-term and short-term temporary basis, and additional funding has been provided in budgets over the past several years for this purpose. While budgetary increases for temporary employees have been fully accepted by the governing bodies over these years, it was only in the 1986 Budget that clear recognition was given to a specific number of long-term professional and general service employees and the title of Temporary in Lieu of Permanent Employment (TIL) was adopted.

71. Within the context of the 1986 Budget, then, formal recognition was given to the existence of four professional and 24.5 general service (TIL) positions. In giving this formal recognition to TILs, the Executive Board recognized that these TIL positions were a continuing and essential requirement to permit the Fund to carry out all its operations and that recognition of that permanence should be given over time by conversion of these TIL positions to regular employment status. In 1987 the total authorized continuing staff of IFAD remained unchanged, as follows:

	Professional	**General Service**
Regular staff on fixed term or career contracts	84	106
Staff on long term temporary contracts	4	24.5
	88	130.5

With the successful conclusion of the negotiations on the Second Replenishment and the very positive attitudes being expressed regarding the Fund's future financial basis and structure, it would appear that the time has come to rationalize the Fund's staffing situation.

72. Firstly, the President believes that there should be no further use made in the future of the TIL concept and that, in fact, the existing TIL positions should be regularized over the next few budget years. He is therefore proposing the regularization of a certain number of these existing TIL positions within the context of the 1988 Budget. This had considerable support by Board Members at the Twenty-Eighth Session when discussing the 1987 Budget. Secondly, there are certain additional Professional and General Service positions, described hereafter, which the President considers are very important for effective functioning of the Fund. He proposes that these positions be established now, as regular fixed term positions.

B. Proposed New Positions for the Management Information Systems (MIS)

73. As indicated in Section V of this document, IFAD initiated studies during 1986 and 1987 in order to determine the nature and scope of its proposed Management Information Systems (MIS).

74. As will be noted in that section and from the report referred to therein, it has been determined that to develop and manage an effective MIS programme, there is need to engage, on a full-time and continuing basis, five additional professional positions and one general service support position (in addition to the positions already existing within IFAD for operation and maintenance of current computer and office automation systems).

75. In the light of the urgency to establish this system, a decision was taken to begin recruitment of the personnel required for its development through consultancy arrangements in 1987. However, it is clear that these requirements are of a critical and continuing nature, and consequently the **President is requesting, within the context of this budget presentation, that these five professional and one general service positions be approved as regular and continuing fixed term/career positions of IFAD,** as follows:

Manager	P4/5
Analysts programmers (two)	P3/4
Systems programmer	P3/4
Database operator	P3/4
Support position	G5/6

C. Proposed New Professional Position for Monitoring and Evaluation

76. Because of the importance of the evaluation functions and activities and the shift in emphasis, a comprehensive discussion of this subject is contained in Section III paragraphs 35-43, including the staffing aspects. To date, M&E activities have been managed by the Director and two professional staff members, plus the provision of funding for one Temporary in Lieu of Permanent (TIL) professional. Owing to the large number of evaluation missions being undertaken, IFAD depends too heavily on consultants for these evaluations, with the M&E professional staff devoting a disproportionate share of their time to organizing and following-up on evaluation missions, rather than participating in them themselves. This over time will have a negative effect on the fund's ability to maintain continuity in its evaluation efforts and to effectively apply the lessons learned from evaluations.

77. An internal study has been made on the comparative costs of employment of regular staff versus use of 12 man months of consultant services, specifically related to evaluation activities, and it has been determined that the costs of direct hire are not substantially different from the use of consultants for an equal period of time. In the light of this study, **the President proposes that the professional staff of the Monitoring and Evaluation Division be increased from three to five.** One of these proposed new positions would replace the TIL position which has previously been authorized by the Board. The budgetary impact of these proposed positions would be neutral. For the converted position the increase in regular staff costs would be offset by the reduction in the provision for TIL staff. For the new position, the increased costs for direct hire staff are offset by an equal reduction in the costs of consultants provided for M&E missions.

D. Proposed New General Service Positions

78. There are two areas which, in the President's judgement, require staff reinforcement at this time as the functions involve, in one case, the efficient follow-up of loan interest and service charges and, in the other, cost saving studies. In both cases IFAD benefits from the timely flow of liquid resources which can then be invested by Treasury to earn more income, to fund future loans and grants. Therefore, in a sense the cost of these functions is more than covered by increased income.

(i) The Loan Disbursement and Accounting services within the Controller's Office have the major responsibility for assuring that loan service charges, interest payments and principal re-payments are billed for and received on a timely basis. Loan service charges, by definition, are income intended to pay for the costs of loan administration. As loan service income increases, there are higher costs involved in loan administration which are intended to be borne by the growth in loan service charge income. With the increase in the loan portfolio, the amounts being received in such payments is becoming an increasingly important part of available resources. Loan service charges alone, calculated as 1% of disbursements, were $ 6.1 million in 1985. They increased to $ 9 million in 1986 and to $ 12.5 million in 1987. In 1988 they are expected to further grow by 25% to reach $ 15 million. The workload in the billing and follow up needed to assure timely payment of these amounts has also increased dramatically, involving among other things the submission of loan statements and debit advices, timely notification of payment dates, follow up messages, recording of receipts, etc. The following table shows the growth of this work from 1985 to 1987.

	1985	1987	% INCREASE OVER 2 YEAR PERIOD
Loan Service charges to 1/ Borrowers	$6.1 million	$12.5 million	105
Active loans	154	196	27
Withdrawal applications	4 077	4 463	9
Loan statements to borrowers, ministries and co-operating institutions	786	1 123	43
Debit advices mailed	9 816	11 800	20
Loan staff (unchanged since 1983)	11	11	
30% of manyears in Treasury, Project Management, Legal and M&E attributed to servicing loans	26	28	
Total staff involved in servicing loans	37	39	5
Staff costs on servicing loans	$2.0 million	$2.2 million	10
Supervision costs to cooperating institutions	3.1 " 5.1 "	4.6 " 6.8 "	48
Service charges received per $1 000 of cost	$1 192	$1 847 2/	55
Service charges received per staff man year	$167 200	$316 460 2/	89

1/ Excludes the interest element on intermediate and ordinary loans.
2/ Even with the proposed addition of 3 man years to the Loans and Accounting Staff in 1988, the ratios become $ 1 794 and $ 287 356.

While there have always been a modest number of late payments, vigilant follow-up on due payments has kept this amount to a minimum and has been a contributing factor in the level of resources available to the Fund. The workload involved, however, is one which must inevitably increase for an extended period since - unlike active loans which are expected to level off as completed loans equal newly-approved loans - responsibility for assuring repayments on loans continues throughout the life of such loans, i.e. up to 50 years in the case of most concessional loans.

In order to assure the promptest action in payment of these charges, it has become increasingly necessary to depend on temporary help to the degree that such utilization has become virtually synonomous with TIL positions. Given the importance of assuring the maximum inflow of resources from loan payments, it is essential that the staff for Loan Disbursements and Accounting be placed on a more solid footing. By prompt handling of loan collections, any cost of additional staff would be more than offset by interest income generated for the Fund through investment of these receipts. It is for this reason that **the President proposes the establishment of three additional general service positions in the Controller's Office**, one clerk each for disbursement documentation, accounting and loan service charges. In fact, these positions **will have no budgetary impact** since the Fund has found it necessary to carry on these functions over the past two years through use of the short-term temporary budget. On the expectation that the President's proposal in this regard will be approved, the short term temporary budget has been reduced in an amount equivalent to the increase in the regular staff budget.

(ii) Further, the President has been undertaking significant efforts to hold down operational costs of the Fund. This has required major reviews of issues such as procurement systems, operation of service contracts, conditions of travel, and contractual services. The Internal Auditor has played an important role in undertaking the studies which have been the basis of various cost-saving efforts. In order to meet the heavily increased responsibility for internal audit work, a short term general service employee has been engaged on conditions which now are essentially equivalent to a TIL. The costs of this employee are well outweighed by the cost savings which have been obtained. Thus, **the President recommends that this requirement for a general service audit assistant** be appropriately recognized by establishment of a regular General Service position. The **direct budgetary impact of this proposal would be neutral**, since the short term employee budget has been reduced by an equal amount to the additional regular staff budget to cover this position.

E. Conversion of Temporary in Lieu of Permanent (TIL) Positions to Regular Fixed Term Status

(a) TIL Professional Positions

79. The Executive Board has given explicit recognition in the 1986 and 1987 Budgets to the need for four professional (TIL) positions. These are:

(i) Monitoring and Evaluation Officer
(ii) Legal Officer
(iii) Project Controller for Africa Division
(iv) Loan Implementation Unit Officer

80. Each of these four professional TIL positions has been filled for varying periods in 1986 and 1987 by consultants, employed against the professional TIL heading.

81. The President recommends that in conjunction with the 1988 budget, two of these positions should be converted from TIL to regular status:

(a) As indicated in paragraphs 76 and 77, **the President recommends that this Monitoring and Evaluation TIL position be converted to regular status.**

(b) It has also become clear that the present staff of four professional legal officers is inadequate to meet the diverse legal requirements of IFAD. The Fund has had to call on continuing consultancy services to cover its needs which are obviously of a continuing nature. However, the use of consultants for this purpose has proved unsatisfactory since it is impossible to retain individual consultants for a sufficiently long period due to the uncertainty of their tenure with the Fund. **The President therefore proposes that the professional Legal Officer position be converted from TIL to regular status.**

82. No action is proposed at this time regarding the status of the two remaining professional TIL positions.

83. There would be **no budgetary implication in these proposals**, since the amount budgeted in 1987 is approximately equivalent to the costs that would be incurred in employing these staff on a regular basis. Further, it is also believed that employment of an Evaluation Officer on a regular and full time basis should reduce somewhat the cost of employment of consultants for participation in evaluation missions. Thus, the budget makes provision for these two positions under regular staff costs, with an equal offset against the professional TIL heading.

(b) TIL General Service Employees

84. The President proposes to reduce the current list of 24.5 TIL General Service positions over the next few budget cycles, by converting these existing TIL positions to regular fixed term status. Within the context of the 1988 budget, **it is proposed that one third of these positions, or eight General Service TIL positions, be converted from TIL to regular status.**

85. This proposal would have **no budgetary impact**, since the cost of these staff members is the same whether charged as regular staff or as TILS.

F. Summary of Staffing Proposals

86. In summary, the proposals made above would have the following impact on approved staffing patterns:

	Regular	**TIL**
Professional Staff		
Authorized - 1987	84	4
Additional 5 MIS positions in 1988 See Section V	+5	
Additional M&E position - see Section III	+1	
Conversion of TIL to regular positions	+2	-2
Total proposed for 1988	92	2
General Service Staff		
Authorized - 1987	106	24.5
Proposed additional positions in:		
Controller's Office	+3	
Internal Audit	+1	
Management Information Systems (MIS)	+1	
Conversion of TIL to regular positions	+8	-8
Total proposed for 1988	119	16.5
GRAND TOTAL	**211**	**18.5**

These proposed increases in authorized staff strength were thoroughly discussed by the Executive Board during its review of the Budget at its Thirty-first Session and the **Executive Board fully endorsed the President's proposals regarding staffing and recommends that the Governing Council approve these proposals** taking into account that for 10 posts this will simply be a replacement of TILs and that for all posts, these will be accompanied by corresponding savings.

G. Staff Costs

87. Having discussed various matters concerning the staff requirements for 1988, this section deals with the costs, tracing the amounts approved for 1987 with price and other increases to arrive at the estimated costs for 1988. Table 5 indicates the main elements of cost and there follows explanatory notes on each of these.

Table 5
(expressed in $ '000)

	1987 Budget	Price Increase	Other Increase (Decrease)	Paragraph Reference	1988 Budget
STAFF COSTS					
Regular Fixed-term Staff					
Salaries and Post Adjustment	7 507	466	213	(a)	8 186
New Staff-Management Information Systems	0	0	289	(b)	289
Education Grant & Other Allowances	790	22	64	(c)	876
Pension & Medical Plan Contributions	1 734	85	42	(d)	1 861
Home Leave	297	15	9	(e)	321
Repatriation & Termination payments	448	43	33	(e)	524
Relocation, Recruitment & Training	295	15	67	(f)	377
	11 071	646	717		12 434
Temporary Staff					
Long-term	914	47	(322)	(g)	639
Short-term	738	56	(32)	(h)	762
	1 652	103	(354)		1 401
Overtime	128	10	(10)	(i)	128
GRAND TOTAL STAFF COSTS	12 851	759	353		13 963

(a) **Regular Staff Net Base and Post Adjustment**

88. Included herein is the estimated 1988 cost of the presently authorized 190 staff positions, based on the actual salaries paid in April 1987. For Professional salaries provision is made for a within grade step increase of approximately $ 108 000 and a probable increase in post adjustment of $ 150 000, as a result of the intention to lift the freeze on post adjustments in the UN system. This would be the first cost of living increase for professional and higher categories of staff since the freeze was imposed in December 1984, and will be implemented only in conformity with ICSC established procedure for Rome-based agencies. For General Service (GS) salaries provision is made for within grade steps, $ 80 000 and one cost of living increase $ 128 000. Total **price increases** amount to $ 466 000, which is 6.2% on the 1987 Budget.

89. In the column **other increases** is the net base and post adjustment cost for the four new GS positions requested for 1988, $ 89 000 (see paragraph 78) and the ten TIL positions converted into regular positions, $ 269 000 (see paragraph 81). (Similar adjustments have been made for these positions in the other components of staff costs below). These costs are offset by corresponding reductions in short-term temporary staff and long-term temporary staff. The total is reduced because GS salary increases in 1987 were less than anticipated and because of the attempt to recruit against vacant positions at levels lower than the earlier encumbents.

(b) **MIS New Positions**

90. See Section VII B.

(c) **Education Grants, Assignment and Other Allowances**

91. Other than the general provision for price increases where appropriate, no increases are provided for education grant and assignment allowances have actually been reduced. However, there is an increase of $ 64 000 including inter alia $ 36 000 for the Fund's reimbursement of national income taxes and $ 14 000 for a revision of the President's and Vice President's representation allowances.

92. At IFAD's inception the representation allowance of the President was approved at the same level as that of the Executive Head of the reference UN Agency in Rome, which has subsequently been increased on two occasions, with effect from 1 January 1981, and 1 January 1985, to adjust for inflation. As an austerity measure, the President had postponed a request for a pari passu adjustment of his allowance, but in view of the fact that the purchasing power of the representation allowance has declined at present to some 52 percent of its initial value, it is now proposed that parity be restored as from 1 January 1988, and that a request be made to the Governing Council to increase the representation allowance of the President from $ 20 000 to $ 32 000 per annum. The President has already decided to raise the level of the representation allowance of the Vice President as from 8 July 1987, to adjust for inflation,

and to restore parity after a delay of six years and six months with that of his counterpart in the reference UN Agency in Rome. The representation allowance of Assistant Presidents is already in step with their counterparts in the reference UN Agency.

(d) Pension and Medical Insurance Contributions

93. Due to an unforeseen heavy increase in medical insurance contributions of about 40% in 1987, IFAD's share of the contributions has increased but this has been partially offset by lower pension fund contributions resulting from the General Assembly decision to lower the pensionable remuneration of professional staff. These factors will also influence 1988.

(e) Home Leave, Repatriation and Termination

94. Provisions have been increased by 5% for inflation. In the case of Repatriation and Termination, the amount of the provision is required to be annually updated since all payments on separation are by reference to the latest level of salaries. This results in an increase of $ 43 000 or 9.6%.

(f) Relocation, Recruitment and Training

95. Costs are to some extent related to vacant positions and provision has been made for relocation and recruitment for some five additional vacancies. Training expenses in IFAD have always been at a modest level. However, due to the importance of training as a part of career development the amount is being increased from $ 37 000 to $ 59 000.

(g) Long-term Temporaries

96. Sub-section E provides a fuller discussion on long-term temporary (TIL) staff. The estimated cost in 1988 has been reduced by a transfer to Regular Staff representing the ten positions converted (see paragraph 89). The cost for 1988 is $ 639 000 compared with $ 914 000 for 1987.

(h) Short-term Temporaries

97. There is a decrease of $ 32 000. The cost of short-term support specifically hired for the preparation of mission reports is now to be treated as a part of the cost of identification, appraisal, M&E and other missions and where appropriate 1987 Budget amounts are stated on the same basis as 1988. This is consistent with the principle that has always been applied in respect of short-term support for meetings.

(i) Overtime

98. Despite an increase in rates of pay for GS staff, overtime has been held at the same dollar level as for 1987, which represents an efective decrease of $ 10 000.

H. CURRENT STAFF LEVELS AND PROPOSED NEW POSITIONS AND CONVERTED TEMPORARY POSITIONS

(Incorporating the proposals made on Page 29)

	Professional And Higher Grades									Support Staff				Long Term Temporaries	
	AP	D2	D1	P5	P4	P2/3	New Posts	Converted TIL	TOTAL	Existing Post	New Posts	Converted TIL	TOTAL	Prof.	G.S.
PRESIDENT'S OFFICE (a)	-	-	-	2	-	-	-	-	2	4	1	-	5	-	-
PROJECT MANAGEMENT DEPARTMENT															
Asst. President	1	-	-	-	-	-	-	-	1	1	-	-	1	-	-
Africa	-	1	-	3	6	2	-	-	12	5	-	-	5	1	3
Asia	-	-	1	2	4	1	-	-	8	4	-	-	4	-	1
Latin America	-	-	1	-	3	2	-	-	6	3	-	-	3	-	1
N. East & North Africa	-	1	-	3	1	-	-	-	5	3	-	-	3	-	1
Loan Implementation	-	-	1	1	2	-	-	-	4	4	-	-	4	1	-
Technical Unit	-	-	1	2	1	-	-	-	4	2	-		2	-	1
Total PMD	1	2	4	11	17	5	-	-	40	22	-	-	22	2	7
ECONOMIC & PLANNING DEPARTMENT															
Asst. President	1	-	-	-	-	-	-	-	1	1	-	-	1	-	-
Policy Review	-	-	1	1	-	1	-	-	3	3	-	-	3	-	1
Planning/Economic	-	-	1	4	-	-	-	-	5	3	-	-	3	-	-
Monitoring/Evaluation	-	-	1	-	2	-	1	1	5	2	-	-	2	-	2
Total EPD	1	-	3	5	2	1	1	1	14	9	-	-	9	-	3
GENERAL AFFAIRS DEPARTMENT															
Asst. President	1	-	-	-	-	-	-	-	1	1	-	-	1	-	-
Secretary's Office	-	-	1	2	3	-	-	-	6	15	-	1	16	-	1
External Relations	-	-	-	1	1	-	-	-	2	3	-	-	3	-	1
Info. & Communications	-	-	1	-	-	1	-	-	2	3	-	1	4	-	-
Administrative Services	-	-	-	1	-	2	-	-	3	24	-	2	26	-	1.5
Management Info. System(c)	-	-	-	-	-	-	5	-	5	-	1	-	1	-	-
Total GAD	1	-	2	4	4	3	5	-	19	46	1	4	51	-	3.5
LEGAL SERVICES	-	1	-	1	2	-	-	1	5	3	-	-	3	-	1
TREASURY	-	-	-	1	-	1	-	-	2	3	-	1	4	-	-
CONTROLLER'S OFFICE (b)	-	-	1	-	2	5	-	-	8	14	3	2	19	-	1
PERSONNEL	-	-	-	1	1	-	-	-	2	5	-	1	6	-	1
GRAND TOTAL	3	3	10	25	28	15	6	2	92	106	5	8	119	2	16.5

(a) Professional staff consists of the Chef de Cabinet and the Internal Auditor. Existing support staff includes secretaries for the President, Chef de Cabinet the Vice President, and an assistant to the Internal Auditor. The President and the Vice-President are not included in the staffing figures.

(b) Includes Loan Administration.

(c) Management Information Systems (see Section V of this document).

VIII. PAYMENTS TO COOPERATING INSTITUTIONS AND CONSULTANTS FOR PROGRAMME DEVELOPMENT, IMPLEMENTATION AND EVALUATION

99. This category of expenses traditionally included the charges to be made by cooperating institutions and the cost of consultants for the development of new projects, the appraisal, supervision of implementation of loans and grants and monitoring and evaluation missions. In addition, costs for undertaking Monitoring and Evaluation seminars and monitoring and evaluation research activities are included, as well as the costs of consultants associated with Special Programming Missions. As noted earlier, certain of these expenses were proposed to the Executive Board to be authorized under the allocation for Programme of Work and the rationale for the amount proposed is given in Section III. However, these expenses are also shown in this budget so that a proper comparison can be made with the Budget for 1987. Since the Executive Board approved the proposals the relevant expenses are transferred out of this category by way of a deduction from the total Budget (see paragraph 104).

100. The Category does not include the regular staff costs of Project Management and Economic and Planning Departments which are dedicated to these functions, nor their related travel, such costs being included in the categories "Staff Costs" and "Other Operational Expenses". However, to reflect the proper cost of missions it has been decided to include in this category not only the short-term consultants and experts but also the necessary support hired specifically for the production of reports on the missions. This is analagous to the principle used for costs of meetings, which includès short-term support specifically hired for the meetings. This change has been made in 1987.

101. Charges by cooperating institutions are based on reimbursement of the direct additional costs incurred by them for carrying out IFAD's work. IFAD also depends on consultants who are employed to carry out some missions. They are selected by reference to applicants, cooperating institutions or previous contracts and preference is given to those from developing countries. As far as possible, consultants are hired individually and not as employees of firms to avoid those firms' overhead charges. Efforts have been made to keep average consultant's fees as low as possible but this does depend on the complexity of the work and the availability of the individuals.

102. Forecasting costs in this category, particularly the costs for work done by cooperating institutions, is difficult. In the past, it has been the practice of IFAD simply to indicate the number of various types of missions anticipated (how many identification missions, how many appraisals, how many projects to be supervised, etc.); to determine a future average cost from past experience; and to calculate the total of each set of activities by multiplying number of missions by that average cost.

103. There are complications in this process, however. Each cooperating institution has its own base for charging for its services. Different bases of charges apply when projects are IFAD-initiated or when they are initiated by cooperating institutions and when cooperating institutions have a cofinancing rôle. For costs such as supervision, cooperating institutions charge a basic flat rate for each project under supervision but then add actual costs of supervision missions - and these may vary depending on whether the cooperating institution undertakes such a supervision mission as a sole action or combines it with other supervision activities unrelated to IFAD (and thus reducing the costs to IFAD). The content of a project - whether at the development stage or the supervision stage - will often vary; greater complexity may require higher costs for development or supervision. The fact that one cannot in all cases determine at this stage precisely which projects will be identified or appraised, which cooperating institutions will be involved, whether the project will be IFAD or cooperating institution initiated and whether the cooperating institution will cofinance the project, are factors which complicate the budget estimating process and necessitate the use of average costs.

104. The attached Table 6 has been prepared on the basis of expenses traditionally charged to the Budget and provides an analysis of payments for new programme development, implementation and monitoring and evaluation, distinguishing between estimated charges of cooperating institutions and estimated amounts to be paid to consultants, experts and support. A deduction is then made for those items which are deleted from the Budget and are included in the Programme of Work.

105. The number of activities leading to the formulation of new projects to be approved by the Executive Board in 1988 is lower than those in 1987, for reasons already explained.

106. The number of **project identifications** has been kept at the same level of 18. See discussions under Programme of Work, paragraph 35.

107. Eighteen **appraisals** are currently planned for 1988 equal to those carried out in 1987, with an estimated cost of $ 3 344 000 compared with $ 3 300 000 for 1987. Project appraisals are usually entrusted to the cooperating institutions. However, where necessary and appropriate, IFAD has been undertaking a limited number of appraisals by itself or by participating with the cooperating institutions. In recent years IFAD has, for a variety of reasons, entered into more cooperation agreements to widen the field of project administration facilities by institutions engaged in this work. This has led to some instances where an institution has not

quite met the entire requirements necessary for IFAD's specialised projects and it has been considered expedient for IFAD staff to supplement missions to derive the most satisfactory results. This will lead to an increase in the workload of IFAD staff, the budgetary implications of which will be examined in 1988 with a view to submitting specific recommendations for Executive Board consideration within the context of the 1989 Programme of Work and Budget.

108. As a number of projects are maturing, approaching mid-term or completion, the task of **supervision and implementation** becomes more crucial to assure successful implementation of projects. Since IFAD entrusts the responsibility for loan administration and supervision to its cooperating institutions, with an increasing number of IFAD-inititated projects under implementation, cost of supervision will absorb a larger portion of IFAD's resources. In fact, the number of supervision missions is expected to increase by 25 from 103 in 1987 to 128 in 1988. Supervision costs by cooperating institutions are projected to increase considerably in 1988. For this reason a modest increase has been made in the average cost to $ 37 500 (1987 $ 35 000) and the total allocation for 128 projects is $ 4 800 000 (1987 $ 3 600 000).

109. In an effort to strengthen active involvement of the Fund in the project implementation process, IFAD has been participating by use of staff or consultants in supervision missions. Such involvement has been essential to the supervision of problematic projects with serious delays or implementation problems, in order to take appropriate and prompt corrective actions. Sometimes, the project start-up missions need to be directly sent by IFAD in supplementing those sent by cooperating institutions. However, in the light of an increasing cost for supervision by cooperating institutions and with a view to keeping the overall Programme Budget in line with zero growth in real terms, allocations to the IFAD follow-up budget have been cut from $ 762 000 in 1987 to $ 579 000 in 1988.

110. Furthermore, costs of supervision of research grants, are expected to be provided for in the allocation for the IFAD follow-up budget in 1988. This budgetary modification, combined with the transfer of responsibility for ensuring the design and proper implementation of M&E efforts at the national level, would also have implications for the workload of regular staff in the Project Management Department, which should be examined during the course of 1988. Implementation workshops undertaken since 1984 present very positive and encouraging results and provide Member Governments and the Fund with useful experience. However, since all regions have now been covered by such workshops over the past two years and in an effort to hold overall costs down, they will be suspended in 1988 with the expectation that they will be resumed in 1989.

Monitoring and Evaluation (M&E)

111. Discussion of 1988 Monitoring and Evaluation activities is provided in Paragraphs 36-43.

Table 6 - Programme Development, Implementation and Evaluation
(expressed in $ '000)

(Indicating the estimated amounts to be charged by Cooperating Institutions and fees and travel of Consultants/Experts, and payments for Short-term Support on programme activities)

	1987			1988		
	Coop. Inst.	Short-term Consultants/ Experts/Support 2/	Total	Coop. Inst.	Short-term Consultants/ Experts/Support 2/	Total
NEW PROGRAMME DEVELOPMENT						
*Identification	600	794	1 394	600	826	1 426
Appraisals	2 700	600	3 300	2 700	644	3 344
*Special Programming Missions	0	570	570	0	570	570
	3 300	1 964	5 264	3 300	2 040	5 340
IMPLEMENTATION						
Supervision by Cooperating Institutions	3 600	0	3 600	4 800	0	4 800
Follow-up by IFAD	0	762	762	0	579	579
*Seminars 1/	0	200	200	0	0	0
Research Grants	0	75	75	0	0	0
	3 600	1 037	4 637	4 800	579	5 379
MONITORING & EVALUATION						
Monitoring & Evaluation Design and follow-up missions	0	133	133	0	0	0
*Mid-term evaluations	0	421	421	0	407	407
*Completion/Ex-Post evaluations	0	200	200	0	120	120
Sub-sectoral studies	0	120	120	0	50	50
*Seminars, training and research 1/	0	210	210	0	75	75
	0	1 084	1 084	0	652	652
SUB-TOTAL	6 900	4 085	10 985	8 100	3 271	11 371
Deduct: Project-related activities and services to Member Countries as indicated by * above 3/			3 115			2 648
			7 870			8 723

1/ Also includes travel expenses of participants from developing countries, training material and other seminar expenses.

2/ To reflect the full cost of missions, the cost of short-term support specifically hired for mission reports is also included here

3/ See paragraphs 4-12 concerning the transfer of these items to the allocation for the Programme of Work.

The 1987 budget figures have been re-stated for comparison purposes, where appropriate.

IX. OFFICE AND GENERAL EXPENSES

112. This category of the budget groups the expenses of running the Headquarters premises and related facilities/services, communications expenses, office equipment/supplies and existing computer services. It also includes the cost of certain professional services which are of an administrative nature, rather than programme related (e.g. external auditors fees, legal fees, technical services, etc.); as well as certain other expenses including hospitality, library, the shared cost of the office facilities at the UN and United Nations Information Centre (UNIC) and charges for miscellaneous services. For 1988, the cost of the new MIS, other than the staff requested, is also included in this category (see section V for a discussion on MIS).

Table 7
(expressed in $ '000)

OFFICE AND GENERAL EXPENSES
(SUMMARY)

	1987 Budget	Price Increase	Other Increase (Decrease)	1988 Budget
(a) Headquarter expenses	2 968	155	(253)	2 870
(b) Professional Services	740	37	(172)	605
(c) Miscellaneous	265	13	(15)	263
(d) Management Information Systems	350	18	348	716
	4 323	223	(92)	4 454

(a) Headquarters Expenses

113. The Budget provides for an increase of 5% to meet Italian Lire expense increases or $ 155 000. However, due to further economy measures, improved contract terms and cutting back office services such as security, maintenance, supplies and in-house reproduction, it has been possible to reduce the budget by $ 168 000. Also because of the planned MIS there is a partial offset seen in the request for new additions to existing computer and word processing equipment and maintenance, $ 85 000. The total decreases therefore, amount to $ 253 000.

Table 7 (a)
(expressed in $ '000)

OFFICE AND GENERAL EXPENSES

	1987 Budget	Price Increase	Other Increase (Decrease)	Paragraph Reference	1988 Budget
(a) Headquarter Expenses					
Security & Custodial Services	245	12	(12)	i)	245
Communications Expenses	597	37	(4)	ii)	630
Utilities & Operation of Headquarters Buildings	763	38	(92)	iii)	709
Supplies & Printing	288	14	(12)	iv)	290
Office Equipment & Maintenance	251	13	(21)	v)	243
Computer Services	244	12	(105)	vi)	151
Word Processing & Office Automation Services	460	23	10	vii)	493
Other	120	6	(17)	viii)	109
	2 968	155	(253)		2 870

(i) **Security and Custodial Services.** Despite price increases, the allocation has been held at the 1987 level of $ 245 000, providing a reduction in real terms of $ 12 000.

(ii) **Communications.** This includes expenses for postage, telephone, telex and telecommunications. Price increases for 1988 are expected to range between 5 and 13%. The decrease of $ 4 000 represents a re-allocation to Executive Board meeting costs, of expenses appropriate to that budget item (see paragraph 67).

(iii) **Utilities and Operation of Headquarters Buildings**, covers expenses for building operations and maintenance including cleaning and labour services, technical plant operations, utilities, heating, air-conditioning, supplies and technical services. These services were cut-back in 1986 and are being cut again in 1987 resulting in a reduction of $ 92 000 in real terms. The budgeted amount does not provide for new headquarters premises as it is expected that if these become available in 1988, actual occupancy would not be possible until late in the year.

(iv) **Supplies and Printing**, covers expenses for stationery, office supplies and document reproduction including print shop operations and paper. The budgeted amount of $ 290 000 includes a decrease of $ 12 000 representing a re-allocation of reproduction expenses for Board papers to the cost of Executive Board meetings (see paragraph 67).

(v) **Office Equipment and Maintenance.** The budget provides for the general supply of miscellaneous office equipment, typewriters, photocopiers, dictaphones, office fittings, which represent continuing needs for replacement of equipment by rotation, particularly those items purchased during the initial years of IFAD operations. This caption also covers maintenance expenses of existing equipment. The amount of $ 243 000 reflects a decrease in real terms of $ 21 000 for 1988 and is adequate for normal replacements and maintenance for the years.

(vi) **Computer Services,** refers to expenses for operations and maintenance of the existing financial computer equipment and applications related to payroll, accounts, loan disbursements, etc. as well as equipment maintenance, supplies and programming. The budget amount of $ 151 000 reflects a reduction in real terms of $ 105 000 as these services will only be maintained at an absolute minimum until the new MIS is operational (See Section V).

(vii) **Word Processing and Office Automation Services,** refers to expenses for operation and maintenance of the Wang word processing and office automation systems used extensively for document preparation in the four official languages throughout IFAD. It is also the network for the automated Records Management System. The 1988 Budget reflects a slight real increase of $ 10 000 for additional maintenance contracts on equipment purchased in 1987. It also includes an adjustment to cover increased maintenance expenses for the system expansion. As reflected in the Table on Page 20 the Wang System will provide the in-house network for the MIS system and consequently 50% of the cost of an additional CPU ($ 65 000) in 1988 is allocated to MIS.

(viii) **Other** headquarters expenses include provision for various insurance coverage, miscellaneous services, cafeteria equipment, etc. These expenses have been reduced by $ 17 000 in real terms in 1988.

(b) Professional Services

114. These represent costs of external services used mainly for office and financial administration and are detailed as follows:

Table 7 (b)
(expressed in $ '000)

	1987 Budget	Price Increase	Other Increase (Decrease)	Paragraph Reference	1988 Budget
OFFICE AND GENERAL EXPENSES					
(b) **Professional Services**					
External Auditors' Fees & Expenses	76	4	(10)	i)	70
Money Rates & Other Financial Advice	96	5	34	ii)	135
Translators - External, Replacement, English Editor	93	5	(7)	iii)	91
Consultants for Liaison with UN Institutions and Non-Governmental Organisations	111	5	1	iv)	117
Legal Services	22	1	0	v)	23
Building, Architect Services	80	4	0	vi)	84
System Analyst for Computer Systems & Office Automation	179	9	(188)	vii)	0
Assistance for Development of New Systems	75	4	(2)	viii)	77
Internal Audit	8	0		ix)	8
	740	37	(172)		605

(i) **External Auditors' Fees and Expenses.** In 1987 provision had been made for an increase in fees over 1986. When actually negotiated, the fees were not as high as anticipated, resulting in a saving in the amount allocated. The 1988 amount represents an estimated fee of Lit. 97 million compared with Lit. 85 million in 1987. This allows for 5% inflation plus a possible increase in the scope of audit work. The actual fee will be reviewed by the Audit Committee against the scope of work for 1988 to be presented to the Committee by the Auditor in September 1988.

(ii) **Money Rates Service and Other Financial Advice.** This expense is for two services: a subscription for an electronic information service providing current exchange rates, economic indicators and financial news; and the services of a Financial Adviser to the Fund. An increase of $ 34 000 in the total amount budgetted is due mainly to an improved service to include bond market information since the Fund has become more active in bond trading. There is also a small increase for the services of the Financial Adviser, who is a participant in the monthly Investment Committee meetings.

(iii) **Translators - External, Replacement, English Editor.** This allocation is required for replacement of 3 regular translators to provide additional capacity for the Translation Unit, editors for non-meeting documentation and translation into English. A reduction of $ 7 000 in real terms is envisaged for 1988.

(iv) **Consultants for Liaison with UN Institutions and Non-governmental Organizations.** Approximately 18 months of consultant work will be required in 1988 for dealing with UN and inter-agency affairs and Non-governmental Organizations. This supplements the two-person professional staff of the External Relations Division and is required to meet the range of inter-agency affairs and particularly the responsibility of coordinating relations with Non-governmental Organizations throughout the world.

(v) **Legal Services.** This budget item provides for various legal services requirements, including a retainer arrangement with a Legal Studio, to handle legal aspects relating to IFAD's operations in Italy - including commercial contract arrangements, official staff priveleges and immunities and the legal status of the Fund vis a vis Headquarters Agreement, Italian Government and Italian Judicial procedures.

(vi) **Building, Technical Services** includes technical support for the provisional Headquarters building and fees for general services and technical projects for building improvements and architect fees relating to assistance for the new headquarters building projects.

(vii) **System Analysts for Office Automation.** In 1987 this item provided for consultant system analysts (in lieu of regular staff) working on office automation applications, personnel roster and Records Management Systems. This item is reduced to zero under this heading as the expenses are now integrated under the MIS budget line (see paragraph 116).

(viii) **Assistance for Development of New Systems.** This represents additional short-term professional assistance required in Finance and Personnel to develop the new accounting and investment system and procedures and a roster for consultants as it is not possible for the existing staff to cope with this additional workload.

(ix) **Internal Audit.** Provision has been made for two months of professional assistance.

(c) **Miscellaneous**

115. Details are as follows:

Table 7 (c)
(expressed in $ '000)

	1987 Budget	Price Increase	Other Increase (Decrease)	Paragraph Reference	1988 Budget
OFFICE AND GENERAL EXPENSES					
(c) Miscellaneous					
Hospitality	45	2	(8)	i)	39
Library, Books, Periodicals	74	4	(7)	ii)	71
UNIC, UN Liaison & FAO Charges	120	6	0	iii)	126
Other	26	1	0	iv)	27
	265	13	(15)		263

(i) **Hospitality.** A reduction of $ 8 000 in real terms has been made from the 1987 level.

(ii) **Library, Books and Periodicals.** While continuing to provide for necessary additions, new acquisitions are being limited due mainly to the space constraint. A reduction of $ 7 000 in real terms has been made from the 1987 level.

(iii) **UNIC, UN Liaison and FAO Charges.** IFAD shares in the costs of services provided by certain UN offices including liaison with UN New York through the World Food Council in the UN. Also in this caption are charges for FAO services such as medical and skills testing.

(iv) **Other.** Includes minor office expenses such as urgent stationery supplies, local fares and electrical or cleaning materials.

(d) MIS Development/Services

116. MIS Development/Services provides for expenses directly related to the new integrated MIS described in Section V, other than staff costs which appear in the appropriate category. Details are shown in the following Table 7 (d).

Table 7 (d)
(expressed in $ '000)

	1987 Budget	Price Increase	Other Increase (Decrease)	1988 Budget
OFFICE AND GENERAL EXPENSES				
(d) MIS Development/Services				
Consultant/Analysts	0	0	195	195
Development Hardware/Software Technical Assistance	340	17	(192)	165
Training/Travel	10	1	34	45
Telecommunications	0	-	140	140
ICC Services	0	-	106	106
Wang Network	0	0	65	65
	350	18	348	716

117. The major expenses for the development teams, hardware/software and other development tools, is being incurred during 1987 whereas in 1988 MIS staff and consultants will commence full scale systems development. Training is required beginning in 1988 for new development tools (engineering workbench), hardware and fourth generation Data Base Management Systems for the development team. Prime system users will also receive training in 1988 to establish a broad user support group to assist with implementation once the MIS is operational. The telecommunication expenses are required to cover two dedicated lines from IFAD to ICC, Geneva. ICC charges will cover data processing and other ICC technical services directly related to the initial development phase. The Wang expansion is required for word processing, office automation and MIS. The present Central Processing Unit (CPU) is operating at full capacity and the budget provides for additional CPU in 1988.

X. OTHER OPERATIONAL EXPENSES

118. This category of the budget contains a variety of expenses which, although not directly related to projects, are necessary for IFAD's operations. Duty travel is the main item and there are also expenses associated with promulgation of information on IFAD's projects (e.g. films, media work, annual report, publications) or in connection with IFAD's external relations with other agencies, institutes, governments and non-governmental organizations. Details are provided in the attached Table and explanatory paragraphs.

(a) Duty Travel

119. Provision has been made for an increase of 5% in air fares and 17% in subsistence allowances generally, due to a general trend in higher hotel costs resulting from the depreciation in value of the dollar. The mean amounts to an average price increase of 9%. Apart from these price increases a reduction of $ 54 000 in real terms has been imposed to continue the efforts made in 1986 and 1987 to effect economies by limiting attendance at meetings and using lower fares and less costly hotels whenever possible. The current understanding that senior officials of the Fund, while authorized to travel first class, will not avail themselves of this facility as a special austerity measure, will continue to apply in 1988.

(b) Special Studies

120. In support of the Fund's activities and its overall strategy, it is necessary from time to time to carry out special studies on policy issues and operational guidelines which serve as a basis for Board papers or internal preparation for papers to be presented to UN meetings and for seminars. In 1986 and 1987, preparation for the High-level Expert Group and Intergovernmental Committee meetings required such studies which may also continue into 1988, in connection with the Third Replenishment. There may also be additional specific issues to be examined in the implementation of the Management Information System. For all these purposes it has been considered necessary to increase the allocation from $ 40 000 in 1987 to $ 60 000 in 1988.

(c) Headquarters Information Consultants

121. For some years, the Information and Communications Division has utilized the services of medium-term consultants with varying expertise appropriate to the work being handled. As a further cost saving action the Budget allocation for these consultants is being reduced by $ 56 000 in real terms.

Table 8
(expressed in $ '000)

	1987 Budget	Price Increase	Other Increase (Decrease)	Paragraph Reference	1988 Budget
OTHER OPERATIONAL EXPENSES					
Duty Travel:					
Air Fares	960	48	(65)	a)	943
Subsistence & Other Expenses	485	82	11	a)	578
	1 445	130	(54)		1 521
Special Studies	40	4	16	b)	60
	40	4	16		60
Headquarter Information					
Consultants	160	16	(56)	c)	120
Documentary films, Media	145	15	15	d)	175
	305	31	(41)		295
Annual Report	204	10	(15)	e)	199
Other Publications	140	7	38	e)	185
	344	17	23		384
Support for UN Committees:					
Development Forum	9	0	(4)	f)	5
ICSC/CCAQ	16	0	0	f)	16
ACC Sub-Committee on Nutrition	22	0	0	f)	22
Non-Governmental Liaison Service	10	0	10	f)	20
	57	0	6		63
Participation in and Hosting of Meetings	186	0	(151)	g)	35
GRAND TOTAL OTHER OPERATIONAL EXPENSES	2 377	182	(201)		2 358

(d) **Documentary Films, Media**

122. Documentary films, media and other information services involve the cost of a number of initiatives being taken to provide continued public information about IFAD activities. IFAD's ability to influence the allocation of resources to poverty alleviation programmes by donors, governments and international organizations, depends in part on an adequate information programme. Plans for 1988 include items similar to those in 1987 and are as follows:

(i) photographic coverage of IFAD projects to be used for media, publications and exhibitions 1/......... $ 45 000

(ii) reproduction and extensive distribution of television programmes, normally produced largely at their own expense by television companies ....$ 30 000

(iii) support to production of films in The Gambia, Yemen A.R., Tunisia/Morocco/Egypt/The Sudan and Peru 2/.....$ 75 000

(iv) general documentary film on IFAD 3/........ $ 25 000

TOTAL:...$ 175 000

1/ The high increase in item (i) is due to the needed replenishment of IFAD's photo library, which is showing either overuse or gaps in certain regions.

2/ The films in the The Gambia and Yemen A. R. will focus on the rôle of women in agriculture. The film on selected countries of North Africa will give a comprehensive outlook of IFAD activities in the Arab speaking world. The film on Peru will fill a gap on film coverage of Latin America.

3/ There is a need for a general information documentary on IFAD's policies, activities and experiences as it starts its second decade.

(e) Annual Report and Other Publications

123. IFAD's Annual Report is its main publication which serves as a communication not only to Member Countries but also to financial institutions, non-governmental organizations and other parties who are interested in IFAD's work. Based on the actual production cost of the 1986 report, a reduction in real terms of $ 15 000 is planned for 1988. However, there is a clear need for other publications devoted to specific issues and audiences. The President has set up a Publications Committee to review the content and format of future publications and it is felt that an increase of $ 38 000 is required for the production and distribution of additional publications in 1988. Publications produced, or under production in 1987 are:

- Credit for the Poor - The IFAD Way
- A Fund to Fight Rural Poverty
- Brochure on Women in Development
- Economic Policies and Strategy Design for Rural Development in Latin America and the Caribbean
- Tenth Anniversary Information Kit
- Monitoring and Evaluation of Irrigation Projects
- Hunger Amidst Food Surpluses

(f) Support for UN Committees

124. IFAD has been providing contributions to the budgets of certain UN sponsored committees which are related to project or administrative work. Details are as follows:

(i) **Development Forum**, supplements other channels of information by carrying articles from experts with different political, cultural and geographical backgrounds. The publication projects to the more informed readership around the world the image of a UN system which is responsive to the multiple needs of our time. The agricultural and food sector has been fully covered by Development Forum and this is particularly satisfactory from the standpoint of the objectives and concerns of IFAD. However in view of IFAD's necessity to reduce costs, the contribution has been reduced from $ 9 000 in 1987 to $ 5 000 in 1988.

(ii) **ICSC** - The International Civil Service Commission regulates and coordinates the conditions of service of the United Nations Common System. The work of ICSC is divided into three main sections: cost of living, salaries and allowances and personnel policies.

Although IFAD is not officially a member of ICSC, it adopts the Common System practice and participates in meetings of ICSC and in the collection of data required for comparisons of conditions of service. Accordingly IFAD has to pay a share proportionate to the number of staff which amounts to $ 12 000 a year, unchanged from 1987.

(iii) **CCAQ** - The Consultative Committee on Administrative Questions is a sub-committee of the Administrative Committee on Coordination and has two wings, Personnel and Finance and Budget. Each meets separately and involves the representatives of UN agencies. The two sub-committees consider questions formally referred to them by the ACC or the resolution of current or potential problems. As with the ICSC, the cost of the CCAQ secretariat is shared in proportion to numbers of staff and IFAD picks up a small share of approximately $ 4 000 a year, unchanged from 1987.

(iv) **ACC Sub-Committee on Nutrition** - IFAD's basic concern on improvement in nutrition for its target groups has promoted the need for development of appropriate methodology for introduction of nutritional considerations in agricultural and rural development projects. IFAD has played a key role in promoting and coordinating these specific activities within the UN system and international financing institutions. The 1987 contribution of $ 22 000 will continue at the same level in 1988.

(v) **The Non-Governmental Liaison Service** (NGLS) helps organisations to design appropriate educational programmes, including advice on linking the issues of the international economic and social agenda with local and domestic concerns; acts as a catalyst to bring together certain non-governmental groups in order to share programme methods and approaches that fall under the broad definition of "development education"; helps organisations to identify and obtain background materials, including film and audio-visual materials, from non-governmental as well as UN System sources. In 1987, IFAD contributed $ 10 000 to NGLS-Geneva. In the light of IFAD's growing interest in developing its contacts with NGOs in North America, it was decided that IFAD should also contribute to NGLS-New York a similar amount of $ 10 000, making a total of $ 20 000.

(g) Participation in and Hosting of Meetings

125. This budget item is to meet costs of hosting relevant meetings of importance to IFAD's work in order to share information with other international organizations and with NGO's on its approaches to poverty alleviation. To meet other activities which have greater priority in 1988, it has been decided to make a substantial reduction in the allocation from $ 186 000 in 1987 to $ 35 000 in 1988.

XI. OTHER ITEMS

A. Expenses on the New Headquarters Building

126. Rome was selected as the permanent seat of IFAD during the Fifth Session of the Governing Council and the Italian Government made a commitment to provide a new Headquarters building. A suitable building complex had been identified in 1981 and the Government's formal approval to proceed with final negotiation to purchase was taken in May 1983. In view of these initiatives, the amount of $ 400 000 was included in the 1984 Budget to cover initial extraordinary expenses in connection with the occupancy of a new building. As negotiations were protracted no amount was in fact spent and a similar provision was made in the budgets for 1985, 1986 and 1987. Despite repeated assurances from the Italian Government to meet its obligations in a timely manner, IFAD was informed in March 1986 that the building complex previously selected for the headquarters building would not be purchased by the Government.

127. At a meeting held in the Prime Minister's office in the spring of 1986, the President was informed that the Italian Government firmly intends to meet its commitment in this regard, and that this would occur in a manner which would allow the Fund to occupy new quarters in the year of the Tenth Anniversary. The Italian Government subsequently established a Commission to review IFAD's requirements and to issue a tender in an effort to locate a suitable Headquarter's seat. In March 1987, the Government informed IFAD that the Commission had selected a site for a new construction in Axa, an area close to Ostia, off Via Cristoforo Colombo. The President informed the Government that the site was not a suitable location for a Permanent Headquarters of IFAD, as it was outside the area previously agreed between IFAD and the Government for the possible location. The Commission then issued a new tender with more precise wording for a location closer to IFAD's present provisional Headquarters building. The tender closed at the end of June 1987 and at the time of writing this document, the Commission was studying the various offers received.

128. Under these circumstances, and if the Government proceeds according to the schedule it has indicated, certain initial expenses related to architectural and other technical fees as well as possible initial costs for actual installations will be incurred in 1988. In view of the above it is proposed once again to carry the $ 400 000 allocation which had been provided since 1984, but never used, in the firm expectation that the Government of Italy will honour the commitment that it has taken for providing a Headquarters building.

B. Contingency

129. The amount of the Contingency in the 1987 Budget is $ 500 000, reduced from a level of $ 1 500 000 for 1986 which had been specially approved by the Executive Board because of a sharp decline in the value of the dollar.

130. Since the official rate of exchange for Italian Lire in terms of dollars will be established at the time of the approval of this budget by the Governing Council, and the respective budget amounts appropriately adjusted to that rate, the Contingency is to meet any further deterioration in the dollar beyond the approved rate. The Contingency is also available to meet any other unforeseen expenses with the approval of the Executive Board.

131. It is proposed to maintain the Contingency at the same level as that of 1987.

ANNEX

MEDIUM TERM PROJECTIONS OF THE FUND'S FINANCIAL POSITION

132. Regulation VII of the Financial Regulations provides that, "As part of the annual budgetary process, the President shall prepare for consideration by the Executive Board medium term budgetary projections on the basis of projected income flows to the Fund from all sources and projected operational plans and disbursements covering the same period." The attached table contains these projections.

Table 9 - Medium Term Projections of the Fund's Financial Position
(expressed in SDR million equivalent)

	Actual	Estimated Position (Valued at 30 June 1987)	
	31.12.86	31.12.87	31.12.88 a/
A. Contributions			
Cumulative convertible currency contributions at end of period b/	**1 650**	**1 885**	**1 885**
B. Loans and Grants			
New loan approvals during period	92	116	190
Cumulative loan approvals	**1 882**	**1 981**	**2 171**
New Technical Assistance Grant approvals during period	5	6	10
Cumulative Technical Assistance Grant approvals	**92**	**98**	**108**
Disbursements under Loans c/ and Grants during period	197	165	150
Cumulative Loans and Grant Disbursements	**975**	**1 140**	**1 290**
Loan Repayments during period	19	15	27
Cumulative Loan Repayments	**48**	**63**	**90**
C. Investible Resources (convertible)			
At end of period	630	625	650
Average rate of return of Investments (percent)	9.25%	8%	7%
D. Revenue and Expenses			
Investment Income	58	50	45
Loan Income	16	20	23
	74	70	68
less Budget Expenditures	20	24	28
Excess	54	46	40
less Transfer to General Reserve	5	5	5
	49	41	35
Accumulated Surplus at previous year end	247	296	337 e/
Accumulated Surplus at year end	296 d/	337 e/	372

a/ It is not realistic to make projections beyond 31 December 1988 and the figures inserted for 1987 and 1988 are subject to considerable variation depending on the amount and timing of payments of contributions towards the Second Replenishment.

b/ Contributions exclude those amounts referred to in Note 1 of Table 2 of this document.

c/ The disbursement estimates reflect the lower levels of commitment since 1984.

d/ This amount is the Accumulated Surplus as at 31 December 1986 as shown in Appendix A of the Financial Statements for 1986 in the amount of US$ 361.9 million converted for the purposes of this projection into SDRs at the exchange rate of 31 December 1986, SDR 1 = US$ 1.22319.

e/ Accumulated Surplus at the year-end is affected by the amount of any exchange adjustment arising from the conversion of various currencies to align IFAD's assets in proportion consistent with the SDR basket. This is explained more fully in Note 2 to the audited financial statements. The amount of such exchange adjustment at 31 December 1986 was $ 129 million (approximately SDR 106 million).